

**PLYMOUTH-SHILOH
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

*GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999*

TRIMBLE, JULIAN & GRUBE, INC.

TJG

**PLYMOUTH-SHILOH
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 1999**

**TRIMBLE, JULIAN & GRUBE, INC.
BRENDA SCHWAMBERGER, TREASURER**

TJG

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

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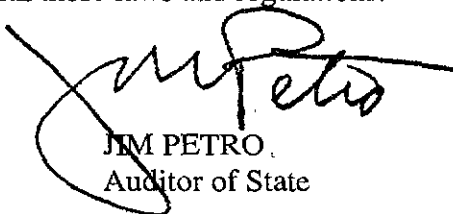
STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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Board of Education
Plymouth-Shiloh Local School District
Plymouth, Ohio

We have reviewed the Independent Auditor's Report of the Plymouth-Shiloh Local School District, Richland County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1998 to June 30, 1999. 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 Plymouth-Shiloh Local School District is responsible for compliance with these laws and regulations.


JIM PETRO
Auditor of State

January 3, 2000

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
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Independent Auditor's Report

Board of Education
Plymouth-Shiloh Local School District
365 Sandusky St.
Plymouth, Ohio 44865

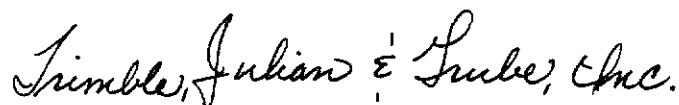
We have audited the accompanying general purpose financial statements of the Plymouth-Shiloh Local School District, Richland County (the "District") as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the 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 Plymouth-Shiloh Local School District, Richland County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 1999 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



Trimble, Julian & Grube, Inc.
November 12, 1999

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total Memorandum (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$514,565	\$96,714	\$62,003	\$192,464	\$57,021	\$186,402	\$14,465		\$1,123,634
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	1,423,173		159,333			249			1,582,506
Accounts	3,059								3,308
Due from other governments	500	2,362							2,862
Prepayments	7,475				77				7,552
Interfund loan receivable	119,312								119,312
Materials and supplies inventory	36,338				13,293				49,631
Restricted assets:									
Equity in pooled cash and cash equivalents	93,984								93,984
Property, plant and equipment (net of accumulated depreciation where applicable)					136,896			\$5,682,765	5,819,661
OTHER DEBITS:									
Amount available in debt service fund.								\$93,684	93,684
Amount to be provided for retirement of general long-term obligations								505,482	505,482
Total assets and other debits	\$2,198,406	\$99,076	\$221,336	\$192,464	\$207,287	\$186,651	\$14,465	\$5,682,765	\$9,401,616

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
 RICHLAND COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 1999

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General	Fixed Assets	Long-Term Obligations		
LIABILITIES, EQUITY AND OTHER CREDITS												
LIABILITIES:												
Accounts payable	\$9,607	\$1,669		\$52,780	\$47		\$220					\$64,323
Accrued wages and benefits	618,209	39,984			24,012							682,205
Compensated absences payable	9,285				7,530					\$403,831		420,646
Pension obligation payable	85,900	1,228			16,182					45,335		148,645
Due to other governments	66,083	25										66,108
Interfund loans payable			\$127,652	119,312								119,312
Deferred revenue	923,576				8,938							1,060,166
Due to students							13,521					13,521
Claims payable						\$203,709						203,709
General obligation bond payable										150,000		150,000
Notes payable	287,780											287,780
Total liabilities	2,000,440	42,906	127,652	172,092	56,709	203,709	13,741	599,166	5,682,765	599,166	3,216,415	
EQUITY AND OTHER CREDITS:												
Investment in general fixed assets									\$5,682,765			5,682,765
Contributed capital					172,159							172,159
Accumulated deficit:												
Unreserved					(21,581)	(17,058)						(38,639)
Fund balances:												
Reserved for encumbrances	43,990	4,705		103,455			80					152,230
Reserved for materials and supplies inventory	36,338											36,338
Reserved for prepayments	7,475											7,475
Reserved for debt service			64,214									64,214
Reserved for tax revenue unavailable for appropriation	247,174		29,470									276,644
Reserved for budget stabilization	93,984											93,984
Unreserved-designated (deficit)	(230,995)	51,465		(83,083)			644					(261,969)
Total equity and other credits	197,966	56,170	93,684	20,372	150,578	(17,058)	724	5,682,765	5,682,765	\$14,465	6,185,201	
Total liabilities, equity, and other credits	\$2,198,406	\$99,076	\$221,336	\$192,464	\$207,287	\$186,651	\$14,465	\$5,682,765	\$5,682,765	\$599,166	\$9,401,616	

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 1999

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$1,912,501		\$33,342			\$1,945,843
Tuition	8,931					8,931
Earnings on investments	63,244					63,244
Extracurricular		\$45,691				45,691
Other local revenues	34,744	39,448			\$5,317	79,509
Intergovernmental - State	3,770,523	61,744	618	\$353,156		4,186,041
Intergovernmental - Federal	1,674	225,844				227,518
Total revenues	5,791,617	372,727	33,960	353,156	5,317	6,556,777
Expenditures:						
Current:						
Instruction:						
Regular	2,631,907	67,359		171,801		2,871,067
Special	337,389	166,697				504,086
Vocational	163,217					163,217
Other	68,212					68,212
Support services:						
Pupil	208,648	183				208,831
Instructional staff	157,326	18,662			5,636	181,624
Board of Education	9,394					9,394
Administration	626,863	30,210				657,073
Fiscal	153,688		594			154,282
Operations and maintenance	475,008					475,008
Pupil transportation	337,341	17,958				355,299
Central	9,433					9,433
Extracurricular activities	107,586	59,131				166,717
Facilities acquisition and construction				597,575		597,575
Debt service:						
Principal retirement			50,000			50,000
Interest and fiscal charges	19,799		9,625			29,424
Total expenditures	5,305,811	360,200	60,219	769,376	5,636	6,501,242
Excess of revenues over (under) expenditures	485,806	12,527	(26,259)	(416,220)	(319)	55,535
Other financing sources (uses):						
Operating transfers in	31,500	5,572				37,072
Operating transfers out	(5,572)			(31,500)		(37,072)
Proceeds from sale of fixed assets	1,254					1,254
Total other financing sources (uses)	27,182	5,572		(31,500)		1,254
Excess of revenues and other financing sources over (under) expenditures and other financing uses	512,988	18,099	(26,259)	(447,720)	(319)	56,789
Fund balances (deficit), July 1	(322,093)	38,071	119,943	468,092	1,043	305,056
Increase in reserve for inventory	7,071					7,071
Fund balances, June 30	\$197,966	\$56,170	\$93,684	\$20,372	\$724	\$368,916

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Received Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
Revenues:															
From local sources:															
Taxes:															
Tuition.....	\$1,551,435	\$1,597,347	\$45,912 (16,384)	\$63,621	\$65,891	\$22,270	\$63,621	\$65,891	\$22,270	\$1,615,056	\$1,683,238	\$68,182 (16,384)	25,965	9,581	9,087
Earnings on investments.....	25,965	63,244	37,279							25,965	63,244	37,279	54,147	117,526	10,330
Other local revenues.....	54,147	32,386	(21,761)							107,196	4,636,089	217,477	4,418,912	225,156	12,014
Intergovernmental - State.....	22,186	3,770,573	3,748,387	0	618	(894,870)	0	618	(894,870)	808,025	803,155	(4,870)	215,142	6,734,834	300,716
Intergovernmental - Federal.....	3,438,484	1,674	(3,436,810)							6,434,118					
Total revenues.....	5,115,191	5,474,805	359,614	63,621	357,281	13,084	63,621	357,281	22,888	6,434,118	803,155	(94,870)	6,434,118	6,734,834	300,716
Expenditures:															
Current:															
Instruction:															
Regular.....	2,610,589	2,576,748	33,841	64,724	53,713	11,011	64,724	53,713	11,011	2,941,987	2,834,353	107,634	530,405	497,894	32,511
Special.....	331,700	331,700	0	198,705	166,194	32,511	198,705	166,194	32,511	167,075	0	167,075	92,988	69,320	23,668
Vocational.....	167,075	167,075	0												
Other.....	92,988	69,320	23,668												
Support services:															
Pupil.....	212,226	212,226	0	7,958	7,958	0	7,958	7,958	0	220,184	220,184	0	197,261	199,382	6,879
Instructional staff.....	168,230	168,230	0	29,031	22,152	6,879	29,031	22,152	6,879	197,261	199,382	2,121	9,707	9,707	0
Board of Education.....	9,707	9,707	0							676,589	676,589	203	155,315	153,454	1,861
Administration.....	643,166	643,166	0	33,423	33,220	203	33,423	33,220	203	552,154	484,478	67,676	355,739	355,739	0
Fiscal.....	152,860	152,860	0							161,409	162,416	993	677,255	616,159	61,096
Operations and maintenance.....	552,154	484,478	67,676	18,559	15,074	4,485	18,559	15,074	4,485	162,416	162,416	0	110,321	110,321	0
Pupil transportation.....	340,665	340,665	0	60,778	59,785	993	60,778	59,785	993	29,424	29,424	0	6,893,731	6,586,725	307,006
Central.....	9,433	9,433	0												
Extracurricular activities.....	102,631	102,631	0												
Facilities acquisition and construction.....															
Debt service.....															
Principal retirement.....															
Interest and fiscal charges.....															
Total expenditures.....	5,393,424	5,268,239	125,185	414,178	358,086	56,092	414,178	358,086	56,092	943,929	820,051	123,878	6,893,731	6,586,725	307,006
Excess of revenues over (under) expenditures.....	(278,233)	206,566	484,799	(56,897)	12,269	69,166	(78,579)	12,269	69,166	(45,904)	(16,896)	29,008	(459,613)	148,109	607,722
Other financing sources (uses):															
Operating transfers in.....	40,000	43,599	3,599	0	5,572	5,572	0	5,572	5,572	40,000	49,171	9,171	(49,780)	(49,780)	0
Operating transfers (out).....	(49,780)	(49,780)	0							59,312	119,312	60,000	(119,312)	(119,312)	0
Advances in.....	(119,312)	(119,312)	0							59,312	119,312	60,000	(119,312)	(119,312)	0
Advances (out).....	4	1,254	1,250	0	3,938	3,938	0	3,938	3,938	4	4	0	4	1,250	1,246
Proceeds from sale of fixed assets.....	(129,088)	(124,239)	4,849	0	5,572	5,572	0	5,572	5,572	(69,776)	(69,776)	60,000	(69,776)	(69,776)	70,431
Total other financing sources (uses).....	(188,096)	(124,239)	63,857	0	15,082	15,082	0	15,082	15,082	(79,270)	(79,270)	125,000	(79,270)	(79,270)	125,000
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).....	(407,321)	82,327	489,648	(56,897)	17,841	74,738	(78,579)	17,841	74,738	13,408	102,416	89,008	(529,389)	148,754	678,143
Fund balances, July 1.....	258,534	258,534	0	69,406	69,406	0	69,406	69,406	0	(457,828)	(457,828)	0	(14,055)	(14,055)	0
Prior year encumbrances appropriated.....	148,287	148,287	0	3,938	3,938	0	3,938	3,938	0	444,420	444,420	0	597,145	597,145	0
Fund balances, June 30.....	\$0	\$489,648	\$489,648	\$16,447	\$91,195	\$74,738	\$31,254	\$62,003	\$24,749	\$0	\$89,008	\$89,008	\$53,701	\$731,844	\$678,143

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICITS)
 ALL PROPRIETARY FUND TYPES
 FOR THE YEAR ENDED JUNE 30, 1999

	<u>Proprietary Fund Types</u>		Total (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating revenues:			
Tuition and fees	\$3,036		\$3,036
Sales/charges for services	160,474	\$594,792	755,266
Other operating revenues	13,142	25,133	38,275
	<u>176,652</u>	<u>619,925</u>	<u>796,577</u>
Total operating revenues			
Operating expenses:			
Personal services	185,553		185,553
Contract services	11,502	104,829	116,331
Materials and supplies	139,035		139,035
Other operating expenses	9,588	24,884	34,472
Depreciation	13,708		13,708
Claims expense		738,259	738,259
	<u>359,386</u>	<u>867,972</u>	<u>1,227,358</u>
Total operating expenses			
Operating loss	<u>(182,734)</u>	<u>(248,047)</u>	<u>(430,781)</u>
Nonoperating revenues:			
Operating grants	153,990		153,990
Federal commodities	23,436		23,436
Interest revenue	725	334	1,059
	<u>178,151</u>	<u>334</u>	<u>178,485</u>
Total nonoperating revenues			
Net loss	(4,583)	(247,713)	(252,296)
Retained earnings (accumulated deficit) at July 1	<u>(16,998)</u>	<u>230,655</u>	<u>213,657</u>
Retained earnings (accumulated deficit) at June 30	<u>(\$21,581)</u>	<u>(\$17,058)</u>	<u>(\$38,639)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999

	Proprietary Fund Types		Total (Memorandum Only)
	Enterprise	Internal Service	
Cash flows from operating activities:			
Cash received from tuition and fees	\$3,036		\$3,036
Cash received from sales/service charges	160,474	\$594,792	755,266
Cash received from other operations	13,306	24,884	38,190
Cash payments for personal services	(190,229)		(190,229)
Cash payments for contract services	(12,029)	(104,829)	(116,858)
Cash payments materials and supplies	(115,931)		(115,931)
Cash payments for claims expenses		(621,097)	(621,097)
Cash payments for other expenses	(10,009)	(24,884)	(34,893)
Net cash used in operating activities	<u>(151,382)</u>	<u>(131,134)</u>	<u>(282,516)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	<u>172,750</u>		<u>172,750</u>
Net cash provided by noncapital financing activities	<u>172,750</u>		<u>172,750</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	<u>(2,105)</u>		<u>(2,105)</u>
Net cash used in capital and related financing activities	<u>(2,105)</u>		<u>(2,105)</u>
Cash flows from investing activities:			
Interest received	<u>725</u>	<u>334</u>	<u>1,059</u>
Net cash provided by investing activities	<u>725</u>	<u>334</u>	<u>1,059</u>
Net increase (decrease) in cash and cash equivalents	19,988	(130,800)	(110,812)
Cash and cash equivalents at beginning of year	<u>37,033</u>	<u>317,202</u>	<u>354,235</u>
Cash and cash equivalents at end of year	<u>\$57,021</u>	<u>\$186,402</u>	<u>\$243,423</u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$182,734)	(\$248,047)	(\$430,781)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	13,708		13,708
Federal donated commodities	23,436		23,436
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	3,619		3,619
Decrease (increase) in accounts receivable	164	(249)	(85)
Increase in prepayments	(77)		(77)
Decrease in accounts payable	(897)		(897)
Increase in accrued wages and benefits	3,042		3,042
Decrease in compensated absences payable	(1,129)		(1,129)
Decrease in pension obligation payable	(6,589)		(6,589)
Increase in claims payable		117,162	117,162
Decrease in deferred revenue	(3,925)		(3,925)
Net cash used in operating activities	<u>(\$151,382)</u>	<u>(\$131,134)</u>	<u>(\$282,516)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by state and/or federal agencies. This Board controls the district's four instructional/support facilities staffed by 42 classified and 82 certificated full-time teaching personnel, who provide services to 1,015 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters. A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The following organizations are described due to their relationship with the District:

JOINT VENTURE WITHOUT EQUITY INTEREST:

North Central Ohio Computer Cooperative (NCOCC)

NCOCC is a joint venture among thirteen school districts and one county board of education. The joint venture was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to the administrative and instructional functions among member districts. Each of the governments of these schools supports NCOCC based upon a per pupil charge dependent upon the software package utilized. In the event of dissolution of the organization, all current members will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months financial contribution. NCOCC is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in NCOCC as a residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. Financial information can be obtained from Kenneth Berger, treasurer for the Pioneer Career and Technology JVSD, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

PUBLIC ENTITY RISK POOL:

Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP)

The District participates in a group rating plan for workers' compensation as established in Section 4123.29 of the Ohio Revised Code. Refer to Note 14 for further information on this group rating plan.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

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

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

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include an expendable trust fund and an agency fund. The expendable trust fund is accounted for in the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The agency fund is presented on a budget basis, with note disclosure regarding items which, in other fund types, would be subject to accrual. At June 30, 1999, there were no material accruals for the agency fund which, in other fund types, would be recognized in the combined balance sheet.

ACCOUNT GROUPS

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

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

C. Measurement Focus/Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental funds and the expendable trust fund. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes (to the extent they are intended to finance the current fiscal year), interest, intergovernmental grants (to the extent they are intended to finance the current fiscal year) and accounts (student fees and tuition). Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

The District reports deferred revenue 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. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as donated commodities revenue.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 1999 is as follows:

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

3. Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 1999.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation measure to be effective until no later than October 1 of each year.) Resolution appropriations 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.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal year 1999.
8. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 18 provides a reconciliation of the budgetary and GAAP basis of accounting and Note 15 discloses encumbrances outstanding for the enterprise funds at fiscal year end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 1999, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio). Investments in STAR Ohio are reported at fair value which is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. The Food Service enterprise fund receives interest earnings based upon Federal mandate and the Self-Insurance internal service fund receives interest earnings as the amount is held by a fiscal agent in an interest bearing account separate from the District's internal investment pool. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$63,244, which includes \$33,075 assigned from other District funds.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

An analysis of the District's investment account at year end is provided in Note 4.

F. Inventory

Inventories for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicates they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds consist of donated food, purchased food, food service paper and janitorial supplies and are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased. Donated food is valued at the fair market value at the date donated.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500. Books, records, movies, and other learning aids kept at the District's library are also included for reporting purposes. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group. Books, records, movies and other learning aids kept at the District library are also included for reporting purposes.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5-12

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue 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 revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Education Management Information Systems
Title VI-B
Teacher Development
Title I
Title VI
Disadvantaged Pupil Impact Aid

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Non-Reimbursable Grants - (Continued)

Special Revenue Funds - (Continued)

Textbook and Instructional Materials
Transition Funding
Telecommunications Grant

Capital Projects Funds

Technology Equity
Emergency School Repair Program
Classroom Facilities
SchoolNet
Power-Up Funding

Proprietary Funds

Food Distribution Program

Reimbursable Grants

General Fund

Driver Education Reimbursement
School Bus Purchase Reimbursement
Vocational Education Travel/Salary

Proprietary Funds

National School Lunch Program
School Breakfast Program
Special Milk Program

Grants and entitlements amounted to approximately 61% of the District's operating revenue during the 1999 fiscal year.

I. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

In accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences", a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty or greater with at least ten years of service and all employees with at least twenty years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

J. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants, or contributions from developers, customers, or other funds. 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. It has been determined that those fixed assets that have been purchased since 1993 have been classified as retained earnings in the accompanying general purpose financial statements. All other fund equity amounts pertaining to the proprietary funds have been classified as contributed capital. Most of the equipment is the original equipment from the construction of the buildings. Since 1993, the food service fund has been able to purchase most of its own equipment.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

K. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a government fund. The remaining portion of such obligations is reported in the general long-term obligations account group.

Under Ohio law, a debt retirement fund must be created and used for the payment of all debt principal interest. GAAP requires the allocation of the debt liability among the general and the general long-term obligations account group, with principal and interest payments on matured general long-term debt being reported in the debt service fund. To comply with the GAAP reporting requirements, the District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

L. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, prepayments, debt service, tax revenue unavailable for appropriation and budget stabilization. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

M. Interfund Transactions

During the course of normal operations, the District may have numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 1999.

An analysis of interfund transactions is presented in Note 5.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established. See Note 21 for detail of statutory reserves.

O. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

P. Prepaids

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

Q. Memorandum Only - Total Columns

Total columns on the GPFS 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 changes in financial position in conformity with GAAP. 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. Change in Accounting Principle

The District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for International Revenue Code Section 457 Deferred Compensation Plans", for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Plan (OPEDCP). Prior to June 30, 1999, the OPEDCP created a trust for the assets of the plan for which the County has no fiduciary responsibility. Therefore, the balance of the OPEDCP deferred compensation plan of \$217,812 was shown as a reduction in the deferred compensation agency fund.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances/Retained Earnings

Fund balance/retained earnings at June 30, 1999 included the following individual fund deficits:

	<u>Fund Deficits</u>
<u>Capital Projects Fund</u>	
Classroom Facilities	\$(34,224)
Emergency School Repair Program	(46,559)
<u>Enterprise Fund</u>	
Food Service	(33,217)
<u>Internal Service Fund</u>	
Employee Benefits Self-Insurance	(17,058)

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit balance in the Classroom Facilities capital projects fund is caused by the application of GAAP, namely in the reporting of a liability for accounts payable. This deficit will be eliminated by intergovernmental revenues and other resources not recognized at June 30.

The deficit balance in the Emergency School Repair Program capital projects fund is caused by the application of GAAP, namely in the reporting of a liability for short-term interfund loans received. This deficit balance will be eliminated as revenues become available to repay this short-term interfund loan.

The deficit retained earnings in the Food Service enterprise fund is a result of accruing wage, benefit and retirement obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

The deficit retained earning in the employee benefits self-insurance fund is a result of the application of GAAP, namely in the recognition of a liability for claims related to the fiscal year. This deficit will be eliminated as premiums are received to pay these claims.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the 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 the Board of Education has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. 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 Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

Cash on Hand: At fiscal year end, the District had \$1,125 in undeposited cash on hand which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents".

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 District's deposits was \$109,167 and the bank balance was \$186,318. Of the bank balance:

1. \$100,000 was covered by federal depository insurance.
2. \$86,318 was uninsured and unregistered because it was secured by collateral held by third party trustees pursuant to Section 135.181, Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposits in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name.

The District had an investment of \$1,107,326 in STAR Ohio. STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

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

A reconciliation between the classifications of equity in pooled cash and cash equivalents and investments on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 1,217,618	\$ 0
Investments of the cash management pool:		
Investment in STAR Ohio	(1,107,326)	1,107,326
Cash on hand	<u>(1,125)</u>	<u>---</u>
GASB Statement No. 3	<u>\$ 109,167</u>	<u>\$1,107,326</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. The following is a summarized breakdown of the District's operating transfers for fiscal year 1999:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>General Fund</u>	\$31,500	\$ (5,572)
<u>Special Revenue Fund</u>		
Athletic	5,572	---
<u>Capital Projects Fund</u>		
Emergency School Repair Program	<u>---</u>	<u>(31,500)</u>
Total	<u>\$37,072</u>	<u>\$(37,072)</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 5 - INTERFUND TRANSACTIONS - (Continued)

B. Interfund balances at June 30, 1999, consist of the following individual interfund loans receivable and payable.

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
<u>General Fund</u>	\$119,312	\$ ---
<u>Capital Projects Funds</u>		
Classroom Facilities	---	(50,000)
Emergency School Repair Program	<u>---</u>	<u>(69,312)</u>
Total	<u>\$119,312</u>	<u>\$(119,312)</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1998 taxes were collected was \$40,815,810. Agricultural/residential and public utility/minerals real estate represented 77.39% or \$31,587,540 of this total; Commercial & industrial real estate represented 7.41% or \$3,022,270 of this total, public utility tangible represented 11.41% or \$4,658,730 of this total and general tangible property represented 3.79% or \$1,547,270 of this total. The voted general tax rate at the fiscal year ended June 30, 1999 was \$34.00 per \$1,000.00 of assessed valuation for operations and \$1.30 per \$1,000.00 of assessed valuation for debt service.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 6 - PROPERTY TAXES - (Continued)

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.

The District receives property taxes from Richland, Huron and Crawford Counties. The respective County Treasurers collect property taxes on behalf of the District. The respective County Auditors periodically remit to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$276,644 was available to the District as an advance at June 30 and is recognized as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 1999, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

NOTE 7 - SCHOOL DISTRICT INCOME TAX

The voters of the District passed a 1% school district income tax at the May 8, 1990, election and became effective January 1, 1991. This tax is effective indefinitely. School district income tax revenue received by the general fund during fiscal year 1999 was \$569,537.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 8 - RECEIVABLES

Receivables at June 30, 1999, consisted of taxes, accounts (billings for user charged services and student fees), and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "due from other governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of Federal funds.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$1,423,173
<u>Debt Service Fund</u>	
Taxes - current and delinquent	159,333

NOTE 9 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 1998</u>	<u>Additions</u>	<u>Disposals</u>	<u>Balance</u> <u>June 30, 1999</u>
Land/ Improvements	\$ 77,490	\$ ---	\$ ---	\$ 77,490
Buildings/ Improvements	2,631,857	---	---	2,631,857
Furniture/ Equipment	1,443,116	148,005	---	1,591,121
Vehicles	410,290	110,220	(14,999)	505,511
Textbooks and Library Books	<u>876,786</u>	<u>---</u>	<u>---</u>	<u>876,786</u>
Total	<u>\$5,439,539</u>	<u>\$258,225</u>	<u>\$(14,999)</u>	<u>\$5,682,765</u>

There was no significant construction in progress at June 30, 1999.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 9 - FIXED ASSETS - (Continued)

A summary of the proprietary fixed assets at June 30, 1999 follows:

Furniture and equipment	\$ 264,181
Less: accumulated depreciation	<u>(127,285)</u>
Net fixed assets	<u>\$ 136,896</u>

NOTE 10 - CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 1999 are as follows:

	<u>Food Service</u>
Contributed Capital, July 1, 1998	\$172,159
Current contributions	<u>0</u>
Contributed Capital, June 30, 1999	<u>\$172,159</u>

NOTE 11 - LONG-TERM OBLIGATIONS

A. The following is a description of the District's general obligation bond outstanding as of June 30, 1999:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Outstanding July 1, 1998</u>	<u>Retired in 1999</u>	<u>Outstanding June 30, 1999</u>
General obligation bond payable	5.5%	12/01/01	<u>\$200,000</u>	<u>\$(50,000)</u>	<u>\$150,000</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 11 - LONG-TERM OBLIGATIONS - (Continued)

B. The following is a summary of the District's future annual debt service requirements to maturity for the general obligation bond:

<u>Fiscal Year Ending</u>	<u>Principal on Bond</u>	<u>Interest on Bond</u>	<u>Total</u>
2000	\$ 50,000	\$ 6,875	\$ 56,875
2001	50,000	4,125	54,125
2002	<u>50,000</u>	<u>1,375</u>	<u>51,375</u>
Total	<u>\$150,000</u>	<u>\$12,375</u>	<u>\$162,375</u>

C. During the year ended June 30, 1999, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 1998</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 1999</u>
Compensated absences	\$384,563	\$19,268	\$ ---	\$403,831
Pension obligation payable	39,993	45,335	(39,993)	45,335
General obligation bond payable	<u>200,000</u>	<u>---</u>	<u>(50,000)</u>	<u>150,000</u>
Total	<u>\$624,556</u>	<u>\$64,603</u>	<u>\$(89,993)</u>	<u>\$599,166</u>

Compensated absences and the pension obligation are presented net of actual increases and decreases because of the practicality of determining these values.

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$3,617,107 (including available funds of \$93,684) and an unvoted debt margin of \$40,816.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 12 - NOTES PAYABLE

A summary of the note transactions for the year ended June 30, 1999 follows:

<u>General Fund:</u>	<u>Principal Outstanding July 1, 1998</u>	<u>Reductions</u>	<u>Principal Outstanding June 30, 1999</u>
Energy Conservation Note - 5.25%	\$ 48,942	\$ (8,157)	\$ 40,785
Energy Conservation Note - 5.80%	288,160	(41,165)	246,995
Bond Anticipation Note - 4.75%	<u>10,999</u>	<u>(10,999)</u>	<u>0</u>
Total	<u>\$348,101</u>	<u>\$(60,321)</u>	<u>\$287,780</u>

The District has issued energy conservation notes to provide for energy improvements to various District buildings. The primary source of repayment of these notes is through energy savings as a result of the improvements.

Payments of principal and interest relating to this liability are recorded in the general fund. The unmatured obligation at year end is accounted for in the general fund, the fund which received the proceeds.

NOTE 13 - COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees 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. Administrators who are contracted to work 260 days in a year are given fifteen to twenty days of vacation per year by contract. Any unused vacation days at the end of the contract are forfeited. The only exception is the Superintendent who can accumulate vacation for up to three years at the end of his contract, and the Treasurer who can accumulate vacation for up to two years at the end of her contract. Teachers do not earn vacation time.

Administrators, teachers, and classified employees earn sick leave at a rate as follows: for 199 days or less, accumulated payment is made for twenty-five percent of sick leave balance to a maximum of 62 days; for over 199 days, payment is made for twenty-seven percent of sick leave balance to a maximum of 66 days. Payment of severance shall be paid at time of retirement after all requirements of eligibility have been met.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 13 - COMPENSATED ABSENCES - (Continued)

Calamity days are paid for certified, cooks, and bus driver employees. Up to five days per year are provided under this benefit.

Personal leave days are available to all employees at the rate of three days annually. Any unused personal days are converted to sick days.

NOTE 14 - RISK MANAGEMENT

A. Property, Fleet, and Liability Insurance

The 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 1999, the District contracted with a commercial insurer for building and personal property coverage in the blanket amount of \$13,755,882, 90% coinsurance, replacement cost endorsement and a \$500 deductible. Boiler and machinery coverage is also provided with blanket coverage in the amount of \$13,755,882 with a \$500 deductible. The District also has inland marine coverage in the amount of \$74,324 for musical instruments and uniforms and \$60,332 for equipment and radios, both with a \$100 deductible. The District also maintains commercial crime coverage of \$2,000.

Blanket electronic data processing coverage is maintained for \$71,191 of equipment and \$5,000 of data processing media. The deductible of \$100 is applicable to all but mechanical breakdown and \$1,000 deductible is applicable to mechanical breakdown.

Vehicles are covered by a policy which provides for a \$50 deductible for comprehensive and a \$250 deductible for collision. Vehicle liability has a \$1,000,000 combined single limit of liability. The District maintains coverage of \$15,000 for hired or borrowed autos with a \$50 deductible for comprehensive and a \$250 deductible for collision.

The general liability coverage involves a \$1,000,000 single occurrence limit and no deductible. An umbrella liability coverage is provided above the previously stated base liability coverages for general and fleet liability in the amount of \$1,000,000 and no deductible.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - RISK MANAGEMENT - (Continued)

B. Employee Dishonesty Bonds

The District carries employee dishonesty bonds for the Treasurer, Superintendent, and Board President in the amount of \$20,000. Also an employee blanket dishonesty bond in the amount of \$2,500 is provided to cover all other employees of the District.

C. Workers' Compensation

The District participates in the 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 Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his/her designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The worker's compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

D. Employee Group Life, Medical, Dental, and Vision Insurance

The District provides life insurance and accidental death and dismemberment insurance to all regular contracted employees through Community National Assurance Company in the amount of \$20,000. All eligible part-time contracted employees are covered in the amount of \$10,000.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - RISK MANAGEMENT - (Continued)

The District has elected to provide a comprehensive medical benefits package to the employees through a self-insured program. The District maintains a self-insured internal service fund to account for the finances of its uninsured risks of loss in this program. This package provides a comprehensive medical plan with a \$50 single and \$100 family deductible. A third party administrator, Anthem Benefits Inc., located in Columbus, Ohio, reviews all claims for the medical plan which are then paid by the District. The District purchases stop-loss coverage of \$25,000 per individual and an aggregate limit of \$439,061 from Cox Insurance Group. The total monthly premium paid into the internal service fund for the medical and prescription drug plan is \$179 for single coverage and \$447 for family coverage which is paid out of the same fund that pays the salary for the employee. The District's amounts are capped by negotiated union contracts and increases in these premiums will be paid by the employee up to \$12 for single coverage and \$30 for family coverage. The employees are responsible for payment for all claim amounts in excess of the employer capped amounts.

The District provides dental coverage for its employees on a self-insured basis through Anthem Benefits Inc. The total monthly premium is \$60 for single and family coverage which represents the entire premium required. The employees are responsible for payment of all claim amounts in excess of the employer capped amounts.

The District also provides vision coverage for its employees on a self-insured basis through Anthem Benefits Inc. The total monthly premium is \$4 for single coverage and \$13 for family coverage which represents the entire premium required. The employees are responsible for payment of all claim amounts in excess of the employer capped amounts.

The above employee portions of premiums for medical, dental and vision insurance are for full-time employees. Part-time employees may pay pro-rated premiums for coverage.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 14 - RISK MANAGEMENT - (Continued)

The claims liability of \$203,709 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, "Accounting and Financial Reporting for Risk Financing and Related Insurance Issues", as amended by GASB Statement No. 30, "Risk Financing Omnibus", which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Beginning Of Year</u>	<u>Claims</u>	<u>Payments</u>	<u>End of Year</u>
1999	\$86,547	\$738,259	\$(621,097)	\$203,709
1998	\$53,570	\$481,480	\$(448,503)	\$ 86,547

Settled claims have not exceeded this commercial coverage in any of the past three years.

NOTE 15 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies and farm operations. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Farm Rotary</u>	<u>Total</u>
Operating revenue	\$160,474	\$3,036	\$13,142	\$176,652
Operating expenses before depreciation	327,802	3,578	14,298	345,678
Depreciation	12,970	---	738	13,708
Operating loss	(180,298)	(542)	(1,894)	(182,734)
Operating grants	153,540	---	450	153,990
Net loss	(2,597)	(542)	(1,444)	(4,583)
Fixed assets:				
Additions	2,105	---	---	2,105
Net working capital	23,272	2,817	3,319	29,408
Total assets	195,604	2,817	8,866	207,287
Total liabilities	56,662	---	47	56,709
Contributed capital	172,159	---	---	172,159
Total equity	138,942	2,817	8,819	150,578
Encumbrances at 6/30/99	345	70	2,874	3,289

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 16 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 1999; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$103,104, \$102,665, and \$103,956, respectively; 43 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$58,404, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 16 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$400,748, \$369,126, and \$378,753, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$68,688, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. The Board's liability is 6.2 percent of wages paid.

NOTE 17 - POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions to the Health Care Reserve Fund equaled 8 percent of covered payroll. For the District, this amount equaled \$228,999 during fiscal year 1999.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 17 - POSTEMPLOYMENT BENEFITS - (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.156 billion at June 30, 1998 (the latest information available). For the year ended June 30, 1998 the latest information available, net health care costs paid by STRS were \$219.224 million and STRS had 91,999 eligible benefit recipients.

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

For this fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. 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, 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 125 percent of annual health care expenses. Expenses for health care at June 30, 1998 the latest information, were \$111.9 million and the target level was \$139.9 million. At June 30, 1998 (the latest information available), SERS had net assets available for payment of health care benefits of \$160.3 million and SERS had approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$72,527 during the 1999 fiscal year.

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999

NOTE 18 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

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

**Excess of Revenues and Other Financing
Sources Over (Under) Expenditures and Other
Financing Uses**

	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$ 82,327	\$ 17,841	\$(53,830)	\$ 102,416
Net adjustment for revenue accruals	316,812	2,362	(52,549)	(449,999)
Net adjustment for expenditure accruals	(156,472)	(7,633)	80,120	(52,780)
Net adjustment for other financing sources (uses)	151,421	---	---	(150,812)
Encumbrances (budget basis)	<u>118,900</u>	<u>5,529</u>	<u>---</u>	<u>103,455</u>
GAAP basis	<u>\$ 512,988</u>	<u>\$ 18,099</u>	<u>\$(26,259)</u>	<u>\$(447,720)</u>

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 19 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

B. Litigation

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

C. 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 that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$3,288,875 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 19 - CONTINGENCIES - (Continued)

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

NOTE 20 - GROUP PURCHASING POOL

The District is a member of the Metropolitan Educational Council (MEC) purchasing group. The following items are purchased through this group discount program; custodial products, food service products, audio visual bulbs, and certain paper products. The MEC also provides a Self-Help Gas Program where members save significant amounts on natural gas purchases.

NOTE 21 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set-aside cash balance as of June 30, 1998	\$ 0	\$ 0	\$50,385	\$ 50,385
Current year set-aside requirement	87,199	87,199	43,599	217,997
Current year offsets	(13,087)	---	---	(13,087)
Qualifying disbursements	<u>(91,257)</u>	<u>(179,176)</u>	<u>---</u>	<u>(270,433)</u>
 Total	 <u>\$(17,145)</u>	 <u>\$ (91,977)</u>	 <u>\$93,984</u>	 <u>\$ (15,138)</u>
 Cash balance carried forward to FY 2000	 <u>\$ 0</u>	 <u>\$ 0</u>	 <u>\$93,984</u>	 <u>\$ 93,984</u>

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

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 21 - STATUTORY RESERVES - (Continued)

A schedule of the restricted assets at June 30, 1999 follows:

Amount restricted for budget stabilization	<u>\$93,984</u>
Total restricted assets	<u>\$93,984</u>

NOTE 22 - OTHER LOCAL REVENUES

Other local revenues in the Expendable Trust fund consist primarily of vending machine receipts. Other operating revenues in the Enterprise fund consists primarily of the sale of farm crop sales. Other local revenues in the Special Revenue fund type consist largely of contracts and donations.

NOTE 23 - YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as fiscal year 1999.

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, payroll and employee benefits, fixed assets accounting and educational statistics reporting.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, the State of Ohio Uniform School Payroll System software for its payroll and employee benefits, the State of Ohio Equipment Inventory System for its fixed assets accounting and the State of Ohio Education Management and Information System (EMIS) for its education statistics reporting. The State is responsible for remediating these systems.

The Ohio Department of Education, Division of Information Management Services, State Software Development Team has addressed the status of the OECN State Software in regards to the compliance requirements for the Year 2000. Their assessment is as follows:

- The payroll processing software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1997 release of USPS V4.0.

**PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 1999**

NOTE 23 - YEAR 2000 ISSUE - (Continued)

- The accounting software supported with the OECN State Software is compliant with the Year 2000 beginning with the June 1998 release of USAS V6.1.
- The equipment inventory and vehicle inventory system software supported with the OECN State Software is compliant with the Year 2000 beginning with the March 1999 release of SAS V2.0.
- The education management information system software supported with the OECN State Software is compliant with the Year 2000 beginning with the September 1998 release of EMIS V1.7.

Richland, Crawford, and Huron Counties collect property taxes for distribution to the District. Richland, Crawford, and Huron Counties are responsible for remediating their respective tax collection systems.

The State of Ohio distributes a substantial sum of money to the District in the form of basic state aid "school foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the District is or will be Year 2000 ready, that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

NOTE 24 - SUBSEQUENT EVENT

Subsequent to the balance sheet date, on November 2, 1999 voters approved a bond issue and tax levy. A total of 3.73 mills were approved which consisted of a 3.23 mill bond issue and a 0.5 mill tax levy to build a new high/middle school.

SUPPLEMENTAL DATA

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 1999

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
(A) (B) Food Distribution	10.550	N/A		\$19,511		\$23,436
(A) (C) School Breakfast Program	10.553	N/A	\$41,263		\$41,263	
(A) (C) National School Lunch Program	10.555	N/A	119,807		119,807	
(A) (C) Special Milk Program for Children	10.556	N/A	187		187	
Total U. S. Department of Agriculture			<u>161,257</u>	<u>19,511</u>	<u>161,257</u>	<u>23,436</u>
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE OHIO DEPARTMENT OF EDUCATION:						
Title I - Grants to Local Educational Agencies	84.010	49460-C1-S1-98	0		31,534	
	84.010	49460-C1-S1-99	166,411		134,659	
Total Title I			<u>166,411</u>		<u>166,193</u>	
Title VI-B - Education of the Handicapped Act	84.027	49460-6B-SF-97P	0		5,836	
	84.027	49460-6B-SF-98P	37,572		31,308	
Total Title VI - B			<u>37,572</u>		<u>37,144</u>	
Education Consolidation and Improvement Act of 1981 - Chapter II	84.298	49460-C2-S1-99	3,622		0	
PASSED THROUGH THE SPRINT TELEPHONE COMPANY						
E-Rate Telecommunications Grant	88.001	N/A	2,306		1,110	
PASSED THROUGH THE DATA SERV COMPANY						
E-Rate Telecommunications Grant	88.001	N/A	727		727	
PASSED THROUGH THE MID-OHIO EDUCATIONAL SERVICE CENTER						
Safe, Drug-Free Schools and Communities Act Grant	84.186	N/A	5,135		5,135	
Eisenhower Grant	84.281	N/A	7,409		7,409	
PASSED THROUGH THE PIONEER CAREER AND TECHNOLOGY CENTER:						
School - To - Work Grant	17.249	N/A	1,674		1,674	
Vocational Education - Basic Grants to States	84.048	N/A	300		300	
Total U. S. Department of Education			<u>225,156</u>		<u>219,692</u>	
Total Federal Financial Assistance			<u>\$386,413</u>	<u>\$19,511</u>	<u>\$380,949</u>	<u>\$23,436</u>

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
- (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
- (C) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
- (D) This schedule was prepared on the cash basis of accounting.

TRIMBLE, JULLAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD
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Report on Compliance And on Internal Control Required By *Government Auditing Standards*

Board of Education
Plymouth-Shiloh Local School District
365 Sandusky Street
Plymouth, Ohio 44865

We have audited the general purpose financial statements of Plymouth-Shiloh Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated November 12, 1999. 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 Plymouth-Shiloh Local School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Plymouth-Shiloh 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 general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 Plymouth-Shiloh Local School District in a separate letter dated November 12, 1999.

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

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
November 12, 1999

TRIMBLE, JULIAN & GRUBE, INC.

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Report on Compliance With Requirements Applicable to Its Major Program And Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Plymouth-Shiloh Local School District
365 Sandusky Street
Plymouth, Ohio 44865

Compliance

We have audited the compliance of Plymouth-Shiloh 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 its major federal program for the year ended June 30, 1999. Plymouth-Shiloh Local School District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of Plymouth-Shiloh Local School District's management. Our responsibility is to express an opinion on Plymouth-Shiloh 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, Audit of States, Local Governments, and Non-Profit Organizations*. Those standards and *OMB Circular A-133* require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about Plymouth-Shiloh 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 Plymouth-Shiloh Local School District's compliance with those requirements.

In our opinion, Plymouth-Shiloh Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

The management of Plymouth-Shiloh 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 Plymouth-Shiloh 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*.

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

This report is intended for the information and use of management, the Board of Education of Plymouth-Shiloh Local School District, 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.

Trimble, Julian & Grube, Inc.

Trimble, Julian & Grube, Inc.
November 12, 1999

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505

PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT
RICHLAND COUNTY
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Program:</i>	Nutrition Grant Cluster: Food Distribution CFDA #10.550; School Breakfast Program, CFDA #10.553; National School Lunch Program, CFDA #10.555; Special Milk Program for Children, CFDA #10.556
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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PLYMOUTH-SHILOH LOCAL SCHOOL DISTRICT

RICHLAND 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.

By: *Susan Babbitt*

Date: JANUARY 13, 2000