



**UNITED LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UNITED LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

United Local School District
Columbiana County
8143 State Route 9
Hanoverton, Ohio 44423

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 26, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

January 26, 2001

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United Local School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|-----------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$3,638,064 | \$150,852 | \$43,931 | \$103,357 |
| Cash and Cash Equivalents: in Segregated Account | 0 | 0 | 0 | 0 |
| Receivables: | | | | |
| Taxes | 1,923,829 | 0 | 41,195 | 196,994 |
| Accounts | 872 | 108 | 0 | 0 |
| Intergovernmental | 3,700 | 0 | 0 | 0 |
| Accrued Interest | 6,603 | 0 | 0 | 0 |
| Interfund | 163,536 | 0 | 0 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 | 0 |
| Materials and Supplies Inventory | 0 | 0 | 0 | 0 |
| Prepaid Items | 12,243 | 0 | 0 | 0 |
| Restricted Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | 362,476 | 0 | 0 | 0 |
| Advances To Other Funds | 788,878 | 0 | 0 | 0 |
| Fixed Assets (net, where applicable, of accumulated depreciation) | 0 | 0 | 0 | 0 |
| Other Debits | | | | |
| Amount Available in Debt Service Fund for Retirement of General Obligation Debt | 0 | 0 | 0 | 0 |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 | 0 |
| Total Assets and Other Debits | <u>\$6,900,201</u> | <u>\$150,960</u> | <u>\$85,126</u> | <u>\$300,351</u> |

See accompanying notes to the general purpose financial statements.

| Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| Enterprise | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| \$58,519 | \$0 | \$73,766 | \$0 | \$0 | \$4,068,489 |
| 0 | 226,975 | 0 | 0 | 0 | 226,975 |
| 0 | 0 | 0 | 0 | 0 | 2,162,018 |
| 0 | 0 | 0 | 0 | 0 | 980 |
| 0 | 0 | 0 | 0 | 0 | 3,700 |
| 0 | 0 | 0 | 0 | 0 | 6,603 |
| 0 | 0 | 0 | 0 | 0 | 163,536 |
| 7,016 | 0 | 0 | 0 | 0 | 7,016 |
| 1,183 | 0 | 0 | 0 | 0 | 1,183 |
| 0 | 0 | 0 | 0 | 0 | 12,243 |
| 0 | 0 | 0 | 0 | 0 | 362,476 |
| 0 | 0 | 0 | 0 | 0 | 788,878 |
| 26,247 | 0 | 0 | 9,616,039 | 0 | 9,642,286 |
| 0 | 0 | 0 | 0 | 44,727 | 44,727 |
| 0 | 0 | 0 | 0 | 604,320 | 604,320 |
| <u>\$92,965</u> | <u>\$226,975</u> | <u>\$73,766</u> | <u>\$9,616,039</u> | <u>\$649,047</u> | <u>\$18,095,430</u> |

(continued)

United Local School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2000

| | Governmental Fund Types | | | |
|---|-------------------------|--------------------|-----------------|---------------------|
| | General | Special Revenue | Debt Service | Capital Projects |
| Liabilities, Fund Equity and Other Credits | | | | |
| Liabilities | | | | |
| Accounts Payable | \$7,402 | \$328 | \$0 | \$24,984 |
| Accrued Wages and Benefits Payable | 776,885 | 32,783 | 0 | 0 |
| Compensated Absences Payable | 8,350 | 0 | 0 | 0 |
| Interfund Payable | 0 | 30,500 | 0 | 133,036 |
| Intergovernmental Payable | 139,123 | 4,825 | 0 | 0 |
| Deferred Revenue | 1,709,285 | 0 | 40,399 | 193,501 |
| Undistributed Monies | 0 | 0 | 0 | 0 |
| Due to Students | 0 | 0 | 0 | 0 |
| Energy Conservation Loan Payable | 0 | 0 | 0 | 0 |
| Claims Payable | 0 | 0 | 0 | 0 |
| Capital Leases Payable | 0 | 0 | 0 | 0 |
| Advances From Other Funds | 0 | 0 | 0 | 788,878 |
| Total Liabilities | 2,641,045 | 68,436 | 40,399 | 1,140,399 |
| Fund Equity and Other Credits | | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 | 0 |
| Contributed Capital | 0 | 0 | 0 | 0 |
| Retained Earnings: | | | | |
| Unreserved (Deficit) | 0 | 0 | 0 | 0 |
| Fund Balance Reserved: | | | | |
| Reserved for Encumbrances | 34,272 | 14,999 | 0 | 39,899 |
| Reserved for Advances | 788,878 | 0 | 0 | 0 |
| Reserved for Property Taxes | 32,138 | 0 | 796 | 3,493 |
| Reserved for Textbooks and Instructional Materials | 157,940 | 0 | 0 | 0 |
| Reserved for Bus Purchases | 47,166 | 0 | 0 | 0 |
| Reserved for Budget Stabilization | 157,370 | 0 | 0 | 0 |
| Unreserved, Designated: | | | | |
| Designated for Underground Storage | 11,000 | 0 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | 3,030,392 | 67,525 | 43,931 | (883,440) |
| Total Fund Equity (Deficit) and Other Credits | 4,259,156 | 82,524 | 44,727 | (840,048) |
| Total Liabilities, Fund Equity and Other Credits | \$6,900,201 | \$150,960 | \$85,126 | \$300,351 |

See accompanying notes to the general purpose financial statements.

| Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| Enterprise | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| \$0 | \$0 | \$0 | \$0 | \$0 | \$32,714 |
| 21,245 | 0 | 0 | 0 | 0 | 830,913 |
| 5,314 | 0 | 0 | 0 | 392,014 | 405,678 |
| 0 | 0 | 0 | 0 | 0 | 163,536 |
| 7,716 | 0 | 0 | 0 | 49,037 | 200,701 |
| 5,355 | 0 | 0 | 0 | 0 | 1,948,540 |
| 0 | 0 | 34,270 | 0 | 0 | 34,270 |
| 0 | 0 | 39,496 | 0 | 0 | 39,496 |
| 0 | 0 | 0 | 0 | 77,371 | 77,371 |
| 0 | 77,843 | 0 | 0 | 0 | 77,843 |
| 0 | 0 | 0 | 0 | 130,625 | 130,625 |
| 0 | 0 | 0 | 0 | 0 | 788,878 |
| <u>39,630</u> | <u>77,843</u> | <u>73,766</u> | <u>0</u> | <u>649,047</u> | <u>4,730,565</u> |
| 0 | 0 | 0 | 9,616,039 | 0 | 9,616,039 |
| 55,686 | 0 | 0 | 0 | 0 | 55,686 |
| (2,351) | 149,132 | 0 | 0 | 0 | 146,781 |
| 0 | 0 | 0 | 0 | 0 | 89,170 |
| 0 | 0 | 0 | 0 | 0 | 788,878 |
| 0 | 0 | 0 | 0 | 0 | 36,427 |
| 0 | 0 | 0 | 0 | 0 | 157,940 |
| 0 | 0 | 0 | 0 | 0 | 47,166 |
| 0 | 0 | 0 | 0 | 0 | 157,370 |
| 0 | 0 | 0 | 0 | 0 | 11,000 |
| 0 | 0 | 0 | 0 | 0 | 2,258,408 |
| <u>53,335</u> | <u>149,132</u> | <u>0</u> | <u>9,616,039</u> | <u>0</u> | <u>13,364,865</u> |
| <u>\$92,965</u> | <u>\$226,975</u> | <u>\$73,766</u> | <u>\$9,616,039</u> | <u>\$649,047</u> | <u>\$18,095,430</u> |

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

| | Governmental Fund | | |
|---|-------------------|--------------------|-----------------|
| | General | Special Revenue | Debt Service |
| Revenues | | | |
| Taxes | \$1,690,575 | \$0 | \$39,898 |
| Income Taxes | 478,675 | 0 | 0 |
| Intergovernmental | 5,936,254 | 411,816 | 4,882 |
| Interest | 223,221 | 0 | 0 |
| Tuition and Fees | 60,850 | 0 | 0 |
| Extracurricular Activities | 2,304 | 156,589 | 0 |
| Rentals | 1,153 | 0 | 0 |
| Donations | 0 | 17,298 | 0 |
| Miscellaneous | 3,142 | 0 | 0 |
| <i>Total Revenues</i> | 8,396,174 | 585,703 | 44,780 |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 4,160,659 | 74,488 | 0 |
| Special | 604,329 | 268,611 | 0 |
| Vocational | 228,822 | 2,848 | 0 |
| Adult/Continuing | 11,752 | 0 | 0 |
| Support Services: | | | |
| Pupils | 296,448 | 15,831 | 0 |
| Instructional Staff | 114,399 | 0 | 0 |
| Board of Education | 47,836 | 0 | 0 |
| Administration | 539,246 | 19,689 | 0 |
| Fiscal | 332,041 | 3,131 | 777 |
| Operation and Maintenance of Plant | 842,968 | 0 | 0 |
| Pupil Transportation | 449,099 | 0 | 0 |
| Central | 3,243 | 14,267 | 0 |
| Operation of Non-Instructional Services | 689 | 0 | 0 |
| Extracurricular Activities | 173,279 | 153,632 | 0 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 6,475 | 0 | 23,615 |
| Interest and Fiscal Charges | 0 | 0 | 5,962 |
| <i>Total Expenditures</i> | 7,811,285 | 552,497 | 30,354 |
| <i>Excess of Revenues Over Expenditures</i> | 584,889 | 33,206 | 14,426 |
| Other Financing Sources | | | |
| Proceeds from Sale of Fixed Assets | 1,453 | 0 | 0 |
| Inception of Capital Lease | 137,100 | 0 | 0 |
| <i>Total Other Financing Sources</i> | 138,553 | 0 | 0 |
| <i>Excess of Revenues and Other Financing Sources Over Expenditures</i> | 723,442 | 33,206 | 14,426 |
| <i>Fund Balances (Deficit) Beginning of Year</i> | 3,535,714 | 49,318 | 30,301 |
| <i>Fund Balances (Deficit) End of Year</i> | \$4,259,156 | \$82,524 | \$44,727 |

See accompanying notes to the general purpose financial statements.

| Types | Totals (Memorandum Only) |
|---------------------------|--------------------------------|
| Capital Projects | |
| \$191,996 | \$1,922,469 |
| 0 | 478,675 |
| 86,484 | 6,439,436 |
| 0 | 223,221 |
| 0 | 60,850 |
| 0 | 158,893 |
| 0 | 1,153 |
| 0 | 17,298 |
| 0 | 3,142 |
| <u>278,480</u> | <u>9,305,137</u> |
| 0 | 4,235,147 |
| 0 | 872,940 |
| 0 | 231,670 |
| 0 | 11,752 |
| 0 | 312,279 |
| 0 | 114,399 |
| 0 | 47,836 |
| 0 | 558,935 |
| 0 | 335,949 |
| 0 | 842,968 |
| 0 | 449,099 |
| 0 | 17,510 |
| 0 | 689 |
| 0 | 326,911 |
| 174,090 | 174,090 |
| 0 | 30,090 |
| 0 | 5,962 |
| <u>174,090</u> | <u>8,568,226</u> |
| <u>104,390</u> | <u>736,911</u> |
| 0 | 1,453 |
| 0 | 137,100 |
| <u>0</u> | <u>138,553</u> |
| 104,390 | 875,464 |
| <u>(944,438)</u> | <u>2,670,895</u> |
| <u><u>(\$840,048)</u></u> | <u><u>\$3,546,359</u></u> |

United Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2000*

| | General Fund | | |
|--|---------------------------|---------------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$1,684,207 | \$1,684,207 | \$0 |
| Income Taxes | 468,751 | 468,751 | 0 |
| Intergovernmental | 5,931,189 | 5,932,554 | 1,365 |
| Interest | 208,490 | 248,199 | 39,709 |
| Tuition and Fees | 60,900 | 61,155 | 255 |
| Extracurricular Activities | 2,299 | 2,304 | 5 |
| Rentals | 1,153 | 1,153 | 0 |
| Donations | 0 | 0 | 0 |
| Miscellaneous | 3,142 | 3,142 | 0 |
| <i>Total Revenues</i> | <u>8,360,131</u> | <u>8,401,465</u> | <u>41,334</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 4,131,984 | 4,114,328 | 17,656 |
| Special | 605,182 | 601,513 | 3,669 |
| Vocational | 223,776 | 223,206 | 570 |
| Adult/Continuing | 12,672 | 11,570 | 1,102 |
| Support Services: | | | |
| Pupils | 307,237 | 303,103 | 4,134 |
| Instructional Staff | 119,057 | 118,366 | 691 |
| Board of Education | 47,788 | 47,422 | 366 |
| Administration | 535,463 | 531,154 | 4,309 |
| Fiscal | 197,854 | 197,378 | 476 |
| Business | 0 | 0 | 0 |
| Operation and Maintenance of Plant | 871,145 | 862,339 | 8,806 |
| Pupil Transportation | 450,290 | 441,349 | 8,941 |
| Central | 3,484 | 3,469 | 15 |
| Operation of Non-Instructional Services | 760 | 689 | 71 |
| Extracurricular Activities | 175,123 | 173,888 | 1,235 |
| Capital Outlay | 0 | 0 | 0 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>7,681,815</u> | <u>7,629,774</u> | <u>52,041</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>678,316</u> | <u>771,691</u> | <u>93,375</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from Sale of Fixed Assets | 1,464 | 1,453 | (11) |
| Advances In | 125,000 | 125,000 | 0 |
| Advances Out | (30,500) | (30,500) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>95,964</u> | <u>95,953</u> | <u>(11)</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>774,280</u> | <u>867,644</u> | <u>93,364</u> |
| <i>Fund Balances Beginning of Year</i> | 3,072,698 | 3,072,698 | 0 |
| Prior Year Encumbrances Appropriated | 21,888 | 21,888 | 0 |
| <i>Fund Balances End of Year</i> | <u><u>\$3,868,866</u></u> | <u><u>\$3,962,230</u></u> | <u><u>\$93,364</u></u> |

See accompanying notes to the general purpose financial statements.

| Special Revenue Funds | | | Debt Service Fund | | |
|-----------------------|------------------|----------------------------------|-------------------|-----------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$0 | \$0 | \$39,746 | \$39,746 | \$0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 403,578 | 411,816 | 8,238 | 4,882 | 4,882 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 156,094 | 156,481 | 387 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 17,298 | 17,298 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>576,970</u> | <u>585,595</u> | <u>8,625</u> | <u>44,628</u> | <u>44,628</u> | <u>0</u> |
| 84,490 | 74,885 | 9,605 | 0 | 0 | 0 |
| 378,759 | 273,601 | 105,158 | 0 | 0 | 0 |
| 0 | 2,848 | (2,848) | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 17,106 | 16,535 | 571 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 15,972 | 15,884 | 88 | 0 | 0 | 0 |
| 3,134 | 3,131 | 3 | 780 | 777 | 3 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 20,267 | 14,267 | 6,000 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 170,661 | 168,110 | 2,551 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 23,616 | 23,615 | 1 |
| 0 | 0 | 0 | 5,962 | 5,962 | 0 |
| <u>690,389</u> | <u>569,261</u> | <u>121,128</u> | <u>30,358</u> | <u>30,354</u> | <u>4</u> |
| <u>(113,419)</u> | <u>16,334</u> | <u>129,753</u> | <u>14,270</u> | <u>14,274</u> | <u>4</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 30,500 | 30,500 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>30,500</u> | <u>30,500</u> | <u>0</u> | <u>0</u> | <u>0</u> | <u>0</u> |
| (82,919) | 46,834 | 129,753 | 14,270 | 14,274 | 4 |
| 83,628 | 83,628 | 0 | 29,657 | 29,657 | 0 |
| 5,063 | 5,063 | 0 | 0 | 0 | 0 |
| <u>\$5,772</u> | <u>\$135,525</u> | <u>\$129,753</u> | <u>\$43,927</u> | <u>\$43,931</u> | <u>\$4</u> |

(continued)

United Local School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2000*

| | Capital Projects Funds | | |
|--|------------------------|------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$191,274 | \$191,274 | \$0 |
| Income Taxes | 0 | 0 | 0 |
| Intergovernmental | 86,484 | 86,484 | 0 |
| Interest | 0 | 0 | 0 |
| Tuition and Fees | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 |
| Rentals | 0 | 0 | 0 |
| Donations | 0 | 0 | 0 |
| Miscellaneous | 0 | 0 | 0 |
| <i>Total Revenues</i> | <u>277,758</u> | <u>277,758</u> | <u>0</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 63,419 | 59,302 | 4,117 |
| Special | 0 | 0 | 0 |
| Vocational | 0 | 0 | 0 |
| Adult/Continuing | 0 | 0 | 0 |
| Support Services: | | | |
| Pupils | 0 | 0 | 0 |
| Instructional Staff | 0 | 0 | 0 |
| Board of Education | 0 | 0 | 0 |
| Administration | 0 | 0 | 0 |
| Fiscal | 3,813 | 3,813 | 0 |
| Business | 26,500 | 26,203 | 297 |
| Operation and Maintenance of Plant | 0 | 0 | 0 |
| Pupil Transportation | 108,050 | 108,042 | 8 |
| Central | 0 | 0 | 0 |
| Operation of Non-Instructional Services | 0 | 0 | 0 |
| Extracurricular Activities | 0 | 0 | 0 |
| Capital Outlay | 39,278 | 38,829 | 449 |
| Debt Service: | | | |
| Principal Retirement | 0 | 0 | 0 |
| Interest and Fiscal Charges | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>241,060</u> | <u>236,189</u> | <u>4,871</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>36,698</u> | <u>41,569</u> | <u>4,871</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from Sale of Fixed Assets | 0 | 0 | 0 |
| Advances In | 0 | 0 | 0 |
| Advances Out | (125,000) | (125,000) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(125,000)</u> | <u>(125,000)</u> | <u>0</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(88,302)</u> | <u>(83,431)</u> | <u>4,871</u> |
| <i>Fund Balances Beginning of Year</i> | 99,705 | 99,705 | 0 |
| Prior Year Encumbrances Appropriated | 22,200 | 22,200 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$33,603</u> | <u>\$38,474</u> | <u>\$4,871</u> |

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)

| Revised Budget | Actual | Variance Favorable (Unfavorable) |
|--------------------|--------------------|--|
| \$1,915,227 | \$1,915,227 | \$0 |
| 468,751 | 468,751 | 0 |
| 6,426,133 | 6,435,736 | 9,603 |
| 208,490 | 248,199 | 39,709 |
| 60,900 | 61,155 | 255 |
| 158,393 | 158,785 | 392 |
| 1,153 | 1,153 | 0 |
| 17,298 | 17,298 | 0 |
| 3,142 | 3,142 | 0 |
| <u>9,259,487</u> | <u>9,309,446</u> | <u>49,959</u> |
| 4,279,893 | 4,248,515 | 31,378 |
| 983,941 | 875,114 | 108,827 |
| 223,776 | 226,054 | (2,278) |
| 12,672 | 11,570 | 1,102 |
| 324,343 | 319,638 | 4,705 |
| 119,057 | 118,366 | 691 |
| 47,788 | 47,422 | 366 |
| 551,435 | 547,038 | 4,397 |
| 205,581 | 205,099 | 482 |
| 26,500 | 26,203 | 297 |
| 871,145 | 862,339 | 8,806 |
| 558,340 | 549,391 | 8,949 |
| 23,751 | 17,736 | 6,015 |
| 760 | 689 | 71 |
| 345,784 | 341,998 | 3,786 |
| 39,278 | 38,829 | 449 |
| 23,616 | 23,615 | 1 |
| 5,962 | 5,962 | 0 |
| <u>8,643,622</u> | <u>8,465,578</u> | <u>178,044</u> |
| <u>615,865</u> | <u>843,868</u> | <u>228,003</u> |
| 1,464 | 1,453 | (11) |
| 155,500 | 155,500 | 0 |
| (155,500) | (155,500) | 0 |
| <u>1,464</u> | <u>1,453</u> | <u>(11)</u> |
| 617,329 | 845,321 | 227,992 |
| 3,285,688 | 3,285,688 | 0 |
| 49,151 | 49,151 | 0 |
| <u>\$3,952,168</u> | <u>\$4,180,160</u> | <u>\$227,992</u> |

United Local School District
*Combined Statement of Revenues,
Expenses and Changes in Fund Equity
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

| | Proprietary Fund Types | | Totals (Memorandum Only) |
|--|---------------------------|-------------------------|--------------------------------|
| | Enterprise | Internal Service | |
| Operating Revenues | | | |
| Sales | \$249,350 | \$0 | \$249,350 |
| Charges for Services | 0 | 788,061 | 788,061 |
| <i>Total Operating Revenues</i> | <u>249,350</u> | <u>788,061</u> | <u>1,037,411</u> |
| Operating Expenses | | | |
| Salaries and Wages | 132,676 | 0 | 132,676 |
| Fringe Benefits | 78,863 | 0 | 78,863 |
| Purchased Services | 3,815 | 36,432 | 40,247 |
| Cost of Sales | 224,425 | 0 | 224,425 |
| Claims | 0 | 753,241 | 753,241 |
| Other | 140 | 561 | 701 |
| Depreciation | 4,896 | 0 | 4,896 |
| <i>Total Operating Expenses</i> | <u>444,815</u> | <u>790,234</u> | <u>1,235,049</u> |
| <i>Operating Loss</i> | <u>(195,465)</u> | <u>(2,173)</u> | <u>(197,638)</u> |
| Non-Operating Revenues | | | |
| Donated Commodities | 37,502 | 0 | 37,502 |
| Interest | 2,382 | 10,688 | 13,070 |
| Operating Grants | 164,937 | 0 | 164,937 |
| <i>Total Non-Operating Revenues</i> | <u>204,821</u> | <u>10,688</u> | <u>215,509</u> |
| <i>Net Income</i> | 9,356 | 8,515 | 17,871 |
| <i>Retained Earnings (Deficit) Beginning of Year</i> | <u>(11,707)</u> | <u>140,617</u> | <u>128,910</u> |
| <i>Retained Earnings (Deficit) End of Year</i> | (2,351) | 149,132 | 146,781 |
| <i>Contributed Capital Beginning and End of Year</i> | <u>55,686</u> | <u>0</u> | <u>55,686</u> |
| <i>Total Fund Equity End of Year</i> | <u><u>\$53,335</u></u> | <u><u>\$149,132</u></u> | <u><u>\$202,467</u></u> |

See accompanying notes to the general purpose financial statements.

United Local School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

| | Proprietary Fund Types | | Totals |
|---|---------------------------|---------------------|----------------------|
| | Enterprise | Internal Service | (Memorandum Only) |
| <i>Increase (Decrease) in Cash and Cash Equivalents</i> | | | |
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$249,406 | \$0 | \$249,406 |
| Cash Received from Quasi-External Transactions with Other Funds | 0 | 788,061 | 788,061 |
| Cash Payments to Suppliers for Goods and Services | (190,331) | (36,432) | (226,763) |
| Cash Payments to Employees for Services | (132,873) | 0 | (132,873) |
| Cash Payments for Employee Benefits | (82,826) | 0 | (82,826) |
| Cash Payments for Claims | 0 | (804,103) | (804,103) |
| Other Cash Payments | (140) | (561) | (701) |
| <i>Net Cash Used for Operating Activities</i> | (156,764) | (53,035) | (209,799) |
| Cash Flows from Noncapital Financing Activities | | | |
| Operating Grants | 164,937 | 0 | 164,937 |
| Cash Flows from Investing Activities | | | |
| Interest on Investments | 2,382 | 10,688 | 13,070 |
| <i>Net Increase (Decrease) in Cash and Cash Equivalents</i> | 10,555 | (42,347) | (31,792) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 47,964 | 269,322 | 317,286 |
| <i>Cash and Cash Equivalents End of Year</i> | \$58,519 | \$226,975 | \$285,494 |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities | | | |
| <i>Operating Loss</i> | (\$195,465) | (\$2,173) | (\$197,638) |
| <i>Adjustments:</i> | | | |
| Depreciation Expense | 4,896 | 0 | 4,896 |
| Donated Commodities | 37,502 | 0 | 37,502 |
| <i>Decrease in Assets:</i> | | | |
| Accounts Receivable | 56 | 0 | 56 |
| Inventory Held for Resale | 129 | 0 | 129 |
| Materials and Supplies Inventory | 278 | 0 | 278 |
| <i>Increase (Decrease) in Liabilities:</i> | | | |
| Accrued Wages and Benefits Payable | 101 | 0 | 101 |
| Compensated Absences Payable | (298) | 0 | (298) |
| Intergovernmental Payable | (3,963) | 0 | (3,963) |
| Claims Payable | 0 | (50,862) | (50,862) |
| Total Adjustments | 38,701 | (50,862) | (12,161) |
| <i>Net Cash Used for Operating Activities</i> | (\$156,764) | (\$53,035) | (\$209,799) |

See accompanying notes to the general purpose financial statements.

United Local School District
*Combined Statement of Revenues, Expenses
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000*

| | Enterprise Funds | | |
|---|------------------------|------------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Sales | \$249,389 | \$249,406 | \$17 |
| Charges for Services | 0 | 0 | 0 |
| Interest | 2,200 | 2,382 | 182 |
| Operating Grants | 164,937 | 164,937 | 0 |
| <i>Total Revenues</i> | <u>416,526</u> | <u>416,725</u> | <u>199</u> |
| Expenses | | | |
| Salaries and Wages | 133,318 | 132,873 | 445 |
| Fringe Benefits | 82,942 | 82,826 | 116 |
| Purchased Services | 3,850 | 3,815 | 35 |
| Materials and Supplies | 186,765 | 186,516 | 249 |
| Other | 140 | 140 | 0 |
| <i>Total Expenses</i> | <u>407,015</u> | <u>406,170</u> | <u>845</u> |
| <i>Excess of Revenues Over (Under) Expenses</i> | 9,511 | 10,555 | 1,044 |
| <i>Fund Equity Beginning of Year</i> | <u>47,964</u> | <u>47,964</u> | <u>0</u> |
| <i>Fund Equity End of Year</i> | <u><u>\$57,475</u></u> | <u><u>\$58,519</u></u> | <u><u>\$1,044</u></u> |

See accompanying notes to the general purpose financial statements.

| Internal Service Fund | | | Totals (Memorandum Only) | | |
|-----------------------|------------------|----------------------------------|--------------------------|------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$0 | \$0 | \$0 | \$249,389 | \$249,406 | \$17 |
| 785,000 | 788,061 | 3,061 | 785,000 | 788,061 | 3,061 |
| 9,000 | 10,688 | 1,688 | 11,200 | 13,070 | 1,870 |
| 0 | 0 | 0 | 164,937 | 164,937 | 0 |
| <u>794,000</u> | <u>798,749</u> | <u>4,749</u> | <u>1,210,526</u> | <u>1,215,474</u> | <u>4,948</u> |
| 0 | 0 | 0 | 133,318 | 132,873 | 445 |
| 41,000 | 36,432 | 4,568 | 123,942 | 119,258 | 4,684 |
| 885,600 | 804,103 | 81,497 | 889,450 | 807,918 | 81,532 |
| 0 | 0 | 0 | 186,765 | 186,516 | 249 |
| 600 | 561 | 39 | 740 | 701 | 39 |
| <u>927,200</u> | <u>841,096</u> | <u>86,104</u> | <u>1,334,215</u> | <u>1,247,266</u> | <u>86,949</u> |
| (133,200) | (42,347) | 90,853 | (123,689) | (31,792) | 91,897 |
| <u>269,322</u> | <u>269,322</u> | <u>0</u> | <u>317,286</u> | <u>317,286</u> | <u>0</u> |
| <u>\$136,122</u> | <u>\$226,975</u> | <u>\$90,853</u> | <u>\$193,597</u> | <u>\$285,494</u> | <u>\$91,897</u> |

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United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 1 - Description of the School District and Reporting Entity

United Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio. The School District is a local district as defined by Section 3311.03 of the Ohio Revised Code.

The School District is located in Columbiana County and encompasses the City of Hanoverton, Butler Township, West Township, Franklin Township and Salem Township.

The School District operates under a locally-elected five member board form of government and provides educational services as authorized and mandated by State and federal agencies. The Board controls the School District's four instructional/support facilities staffed by 38 classified, 92 certificated teaching personnel, and 7 administrators, who provide services to community members and 1,584 students.

Reporting Entity

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

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

The School District is associated with four organizations, two jointly governed organizations and two public risk entity pools. These organizations are the Area Cooperative Computerized Education Service System (ACCESS), the Columbiana County Career Center, the Columbiana County Employees Insurance Consortium, and the Ohio School Boards Association Workers' Compensation Group Rating Program. These organizations are discussed in Note 17 and Note 18.

Note 2 - Summary of Significant Accounting Policies

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

A. Basis of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governments, and other funds. The School District's only fiduciary funds are agency funds. Agency funds are purely custodial (assets equal liabilities) and thus do not involve measurement of results of operations.

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Data

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

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

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

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total expenditures and encumbrances may not exceed the appropriations at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education.

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

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

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

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled into a central bank account. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2000, investments were limited to repurchase agreements, certificates of deposit, a Federal Home Loan Bank bond, Federal National Mortgage Association bond, and STAROhio.

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

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$223,221 which includes \$9,623 assigned from other School District funds.

The District has segregated bank accounts for monies held separate from the District's central bank accounts. These accounts are presented in the combined balance sheet as "cash and cash equivalents in segregated accounts" since they are not required to be deposited into the District treasury. These amounts include accounts used to account for the Columbiana County School Employees Insurance Consortium.

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 a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. The School District does not have any significant inventory at June 30, 2000, for governmental funds.

F. Prepaid Items

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

G. Restricted Assets

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

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

State Foundation Program

Special Revenue Fund

Disadvantaged Pupil Impact Aid - State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Title VIB

Title I

Title VI

Drug Free Schools

Management Information Systems

Eisenhower Professional Development

Block Grants

Goals 2000 Grant

Technology Grant

Safe School Hotline Grant

Professional Development Grant

Ohio Reads Grant

Capital Projects Fund

School Net Plus

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Reimbursable Grants

General Fund

School Bus Purchase Reimbursement
Driver Education Reimbursement

Proprietary Funds

National School Breakfast and Lunch Program
Government Donated Commodities

Grants and entitlements received amounted to 69.20 percent of governmental fund operating revenue during the 2000 fiscal year.

J. Short-Term Interfund Assets/Liabilities

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

K. Compensated Absences

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for sick leave is made to the extent that it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments for sick leave.

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

L. Accrued Liabilities and Long-Term Obligations

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

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

M. Interfund Transactions

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

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

N. Fund Balance Reserves and Designations

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

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

Designations represent tentative plans for future use of financial resources. Designations have been established for underground storage tanks.

O. Contributed Capital

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

Because the District did not prepare financial statements in accordance with generally accepted accounting principals prior to fiscal year 1996, the exact amount of contributed capital can not be determined. Consequently only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. There was no change in contributed capital during fiscal year 2000. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Estimates

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Q. Total Columns on General Purpose Financial Statements

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

Note 3 - Legal Compliance

A. Legal Compliance

Contrary to section 5705.39, Ohio Revised Code, the following funds had appropriations in excess of estimated revenues plus carryover balances at June 30, 2000:

| Fund | Estimated Revenues Plus Carryover Balances | Appropriations | Excess |
|------------------------|--|----------------|----------|
| Special Revenue Funds: | | | |
| Title I | \$335,127 | \$379,560 | \$44,433 |
| Drug Free Schools | 8,384 | 10,052 | 1,668 |

The following accounts had expenditures plus encumbrances in excess of appropriations contrary to section 5705.41, Ohio Revised Code:

| Fund/Function | Appropriations | Expenditures Plus Encumbrances | Excess |
|-------------------------------------|----------------|--------------------------------------|---------|
| Special Revenue Fund: | | | |
| Eisenhower Professional Development | \$0 | \$2,848 | \$2,848 |

The Eisenhower Professional Development Grant Special Revenue Fund spent money without an amendment of the certificate of estimated resources in violation of 5705.41, Ohio Revised Code.

Note 4 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual - All

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis.)

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

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

| | General | Special Revenue | Debt Service | Capital Projects |
|--|-----------|--------------------|-----------------|---------------------|
| GAAP Basis | \$723,442 | \$33,206 | \$14,426 | \$104,390 |
| Net Adjustment for Revenue Accruals | (130,040) | (108) | (152) | (722) |
| Cash Adjustment | (1,769) | 0 | 0 | 0 |
| Advances In | 125,000 | 30,500 | 0 | 0 |
| Net Adjustment for Expenditure Accruals | 222,908 | (1,437) | 0 | 2,784 |
| Advances Out | (30,500) | 0 | 0 | (125,000) |
| Encumbrances | (41,397) | (15,327) | 0 | (64,883) |
| Budget Basis | \$867,644 | \$46,834 | \$14,274 | (\$83,431) |

Net Income /Excess of Revenues Over (Under) Expenses
All Proprietary Fund Types

| | Enterprise | Internal Service |
|-------------------------------------|------------|---------------------|
| GAAP Basis | \$9,356 | \$8,515 |
| Net Adjustment for Revenue Accruals | 56 | 0 |
| Net Adjustment for Expense Accruals | (3,753) | (50,862) |
| Depreciation Expense | 4,896 | 0 |
| Budget Basis | \$10,555 | (\$42,347) |

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 5 - Deposits and Investments

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

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

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

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

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

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

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

6. The State Treasurer's investment pool (STAROhio);
7. Certain Banker's acceptance and commercial paper notes for a period not to exceed one hundred eighty days in an account not to exceed twenty-five percent of the interim monies available for investment in any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$567,847 and the bank balance was \$567,056. Of the bank balance:

1. \$131,139 was covered by federal depository insurance.
2. \$435,917 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

United Local School District
Notes to the General Purpose Financial Statements
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| | Category 3 | Carrying Value | Fair Value |
|--|------------------|--------------------|--------------------|
| Federal Home Loan Bank Bond | \$495,049 | \$495,049 | \$495,049 |
| Federal National Mortgage Association Bond | 297,210 | 297,210 | 297,210 |
| STAROhio | | 3,106,009 | 3,106,009 |
| Repurchase Agreements | 191,825 | 191,825 | 191,825 |
| Totals | <u>\$984,084</u> | <u>\$4,090,093</u> | <u>\$4,090,093</u> |

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, entitled "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

| | Cash and Cash Equivalents/Deposits | Investments |
|--|---------------------------------------|--------------------|
| GASB Statement No. 9 | \$4,657,940 | \$0 |
| Investments of the Cash Management Pool: | | |
| STAROhio | (3,106,009) | 3,106,009 |
| Federal Home Loan Bank Bond | (495,049) | 495,049 |
| Federal National Mortgage Association Bond | (297,210) | 297,210 |
| Repurchase Agreements | (191,825) | 191,825 |
| GASB Statement No. 3 | <u>\$567,847</u> | <u>\$4,090,093</u> |

Note 6 - Property Taxes

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

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

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

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

The assessed values upon which the fiscal year 2000 taxes were collected are:

| | 1999 Second - Half Collections | | 2000 First - Half Collections | |
|--|-----------------------------------|-----------------|----------------------------------|-----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/ Residential and Other Real Estate | \$75,141,920 | 84.91 % | \$75,793,200 | 85.39 % |
| Public Utility Personal | 11,418,780 | 12.90 | 10,753,510 | 12.11 |
| Tangible Personal Property | 1,934,450 | 2.19 | 2,216,660 | 2.50 |
| Total Assessed Values | \$88,495,150 | 100.00 % | \$88,763,370 | 100.00 % |
| Tax rate per \$1,000 of assessed valuation | \$30.60 | | \$30.60 | |

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2000, was \$32,138 in the general fund, \$796 in the bond retirement debt service fund, and \$3,493 in the permanent improvement capital projects fund.

Note 7 - Income Tax

The District levies a voted tax of ½ percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992 and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 8 - Receivables

Receivables at June 30, 2000, consisted of taxes, accounts (fees and tuition), interfund, and due from other funds. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Intergovernmental receivables consist only of a drivers education reimbursement of \$3,700.

Note 9 - Fixed Assets

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

| | |
|--------------------------------|------------------------|
| Equipment | \$75,389 |
| Less: Accumulated Depreciation | <u>(49,142)</u> |
| Net Fixed Assets | <u><u>\$26,247</u></u> |

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

| | Balance 6/30/99 | Additions | Deletions | Balance 6/30/00 |
|-----------------------------------|---------------------------|-------------------------|-------------------------|---------------------------|
| Land and Improvements | \$8,000 | \$0 | \$0 | \$8,000 |
| Buildings and Improvements | 7,394,743 | 0 | 0 | 7,394,743 |
| Furniture, Fixtures and Equipment | 1,477,744 | 123,175 | 111,739 | 1,489,180 |
| Vehicles | 724,116 | 0 | 0 | 724,116 |
| Total General Fixed Assets | <u><u>\$9,604,603</u></u> | <u><u>\$123,175</u></u> | <u><u>\$111,739</u></u> | <u><u>\$9,616,039</u></u> |

There was no significant construction in progress at June 30, 2000.

Note 10 - Risk Management

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for property, boiler and inland marine insurance. This risk policy has a \$1,000 deductible.

General liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit and \$5,000,000 aggregate and no deductible. Vehicles, including school buses, are covered by the Nationwide Insurance Company and hold a \$1,000 deductible for comprehensive and collision. There is a \$1,000,000 combined single limit of liability.

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

B. Workers' Compensation

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Employee Medical Benefits

Medical/Surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of a shared risk pool, consisting of six school districts within the County, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf.

The claims liability of \$77,843 reported in the internal service fund at June 30, 2000, is based on the requirements of GASB Statement No. 10, which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on an estimate supplied by the School District's third-party administrator. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses.

A summary of the fund's claims liability during the past three fiscal years are as follows:

| | Balance at Beginning of Fiscal Year | Current Year Claims | Claim Payments | Balance at End of Fiscal Year |
|------|---|---------------------------|-------------------|-------------------------------------|
| 1998 | \$51,176 | \$577,540 | \$533,416 | \$95,300 |
| 1999 | 95,300 | 823,384 | 789,979 | 128,705 |
| 2000 | 128,705 | 753,241 | 804,103 | 77,843 |

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$59,199, \$56,536 and \$65,344, respectively; 41.95 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$34,363 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$262,260, \$238,830 and \$395,991, respectively; 84.21 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$41,417 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

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

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and

United Local School District
Notes to the General Purpose Financial Statements
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the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$349,680 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$60,267.

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

Note 13 - Other Employee Benefits

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees up to twenty days of vacation per year, depending upon length of service. Vacation days are credited to classified employees on the anniversary of their employment and must be used within the next twelve months. Accumulated unused vacation time is paid to classified employees upon termination of employment, with some restrictions. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is restricted.

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

Note 14 - Long-Term Obligations

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

| | Outstanding 6/30/99 | Additions | Deletions | Outstanding 6/30/00 |
|--|------------------------|------------------|-------------------|------------------------|
| General Long-Term Obligations: | | | | |
| Energy Conservation Loan 1992, 5.99% | \$100,986 | \$0 | (\$23,615) | \$77,371 |
| Capital Lease, IKON Office Solutions | 0 | 137,100 | (6,475) | 130,625 |
| Compensated Absences Payable | 319,384 | 96,674 | (24,044) | 392,014 |
| Intergovernmental Payable | 33,283 | 49,037 | (33,283) | 49,037 |
| Total General Long-Term Obligations | \$453,653 | \$282,811 | (\$87,417) | \$649,047 |

The Energy Conservation loan will be paid from the debt service fund and the capital lease will be paid from the general fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$7,956,059 with an unvoted debt margin of \$88,763 at June 30, 2000.

Principal and interest requirements for future energy conservation loans outstanding at June 30, 2000, are as follows:

| Fiscal Year Ending June 30, | Principal | Interest | Total |
|-----------------------------|-----------------|----------------|-----------------|
| 2001 | \$25,012 | \$4,565 | \$29,577 |
| 2002 | 26,488 | 3,089 | 29,577 |
| 2003 | 25,871 | 1,526 | 27,397 |
| Total | \$77,371 | \$9,180 | \$86,551 |

Note 15 - Capital Leases

The School District has entered into capital leases for IKON copiers. The lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No.13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$137,100. This amount represents the total lease payments at the time of acquisition due to this being a no interest lease. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$6,475.

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

The following is a schedule of the future long-term minimum lease payments required under the capital lease as of June 30, 2000.

| Year | Principal Payments |
|----------------------|-----------------------|
| 2001 | \$27,420 |
| 2002 | 27,420 |
| 2003 | 27,420 |
| 2004 | 27,420 |
| 2005 | 20,945 |
| Total Lease Payments | \$130,625 |

Note 16 - Interfund Transactions

Interfund balances at June 30, 2000, consist of the following:

| | Interfund Receivable | Interfund Payable | Advances to Other Funds | Advances from Other Funds |
|-------------------------|-------------------------|----------------------|----------------------------|------------------------------|
| General Fund | \$163,536 | \$0 | \$788,878 | \$0 |
| Special Revenue Funds: | | | | |
| Ohio Reads Grant | 0 | 30,000 | 0 | 0 |
| Drug Free Schools Grant | 0 | 500 | 0 | 0 |
| Capital Projects Funds: | | | | |
| Permanent Improvements | 0 | 125,000 | 0 | 788,878 |
| Disability Access Grant | 0 | 8,036 | 0 | 0 |
| Total | \$163,536 | \$163,536 | \$788,878 | \$788,878 |

The general fund loaned \$913,878 to the permanent improvements capital projects fund to help finance the fiscal year 1997 High School Addition. The money is being repaid from future tax receipts of the permanent improvement fund.

Note 17 - Jointly Governed Organizations

A. Area Cooperative Computerized Education Service System (ACCESS)

Area Cooperative Computerized Education Service System (ACCESS) is a computer network which provides data services to twenty-three school districts. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the governments of these schools supports ACCESS based upon a per pupil charge. United Local School District contributed \$24,904 to ACCESS during fiscal year 2000. ACCESS is governed by an assembly consisting of the superintendents or other designees of the member school districts. The assembly exercises total control over the operation of ACCESS including

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

budgeting, appropriating, contracting and designating management. All of ACCESS revenues are generated from charges for services and State funding. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, who serves as fiscal agent, at 2801 Market Street, Youngstown, Ohio 44507.

B. Columbiana County Career Center

The Columbiana County Career Center is a jointly governed organization to provide for the vocational and special education needs of the students of eight participating school districts. The Board of Education members are appointed by the local Boards of Education from one of its elected members. The Career Center Board of Education exercises total control over its operations, including budgeting, appropriating, contracting, and designating management. All revenues are generated from tax levies, State funding and fees. Financial information can be obtained by writing to the Columbiana County Career Center, 9364 State Route 45, Lisbon, Ohio 44432.

Note 18 - Public Entity Risk Pools

A. Ohio School Boards Association Workers' Compensation Group Rating Program

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

B. Columbiana County Employees Insurance Consortium

Columbiana County Employees Insurance Consortium is a shared risk pool. The consortium provides services to the six member schools including, health, dental, prescription drug and life insurance. The Board of Directors is comprised of the Superintendent from each District. All claims are processed through a third-party administrator, and the fiscal agent and budgeting authority is United Local School District. Financial information can be obtained by writing to the United Local School District, 8143 State Route 9, Hanoverton, Ohio 44423.

Note 19 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amount of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,706,210 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

County reviewed the new laws and, in a decision issued on February 26, 1000, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on the this issue. The Court concluded, “...the mandate of the [Ohio] Constitution has not been fulfilled.” The Court’s a majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision, however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

Note 20 - Contingencies

A. Grants

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

B. Litigation

The School District is not party to legal proceedings.

Note 21 - Set-Aside Calculations

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

United Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

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

| | Budget Stabilization Reserve | Capital Improvements Reserve | Textbooks/ Instructional Materials Reserve |
|---|------------------------------------|------------------------------------|---|
| Set-aside Reserve Balance as of June 30, 1999 | \$97,721 | \$0 | \$0 |
| Current Year Set-aside Requirement | 59,649 | 178,948 | 178,948 |
| Qualifying Disbursements | 0 | (273,186) | (21,008) |
| Totals | <u>\$157,370</u> | <u>(\$94,238)</u> | <u>\$157,940</u> |
| Set-aside Balance Carried Forward to Future Fiscal Years | <u>\$157,370</u> | <u>\$0</u> | <u>\$157,940</u> |
| Set-aside Reserve Balance as of June 30, 2000 | <u>\$157,370</u> | <u>\$0</u> | <u>\$157,940</u> |

Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amount to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$315,310.

UNITED LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY

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

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|---|--|---------------------------|-------------------------------------|----------------------|-------------------------------------|---------------------------|
| S. DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution Program | | 10.550 | | \$33,454 | | \$37,502 |
| National School Breakfast Program | 05-PU-99 05-PU-00 | 10.553 | 3,241 20,846 | | 3,241 20,846 | |
| Total Breakfast Program | | | 24,087 | | 24,087 | |
| National School Milk Program | 02-PU-99 02-PU-00 | 10.556 | 148 1,083 | | 148 1,083 | |
| Total Milk Program | | | 1,231 | | 1,231 | |
| National School Lunch Program | 03-PU-99 03-PU-00 04-PU-99 04-PU-00 | 10.555 | 5,079 32,232 13,317 79,856 | | 5,079 32,232 13,317 79,856 | |
| Total Lunch Program | | | 130,484 | | 130,484 | |
| Total U.S. Department of Agriculture - Nutrition Cluster | | | 155,802 | 33,454 | 155,802 | 37,502 |
| S. DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Grants to Local Educational Agencies (ESEA Title I) | C1-S1/SD-00 C1-S1-99 | 84.010 | 256,267 20,994 | | 198,411 77,346 | |
| Total Title I | | | 277,261 | | 275,757 | |
| Innovative Education Program Strategies | C2-S1-99C C2-S1-00 | 84.298 84.298 | 1,071 7,903 | | 1,071 7,360 | |
| Total Innovative Education Program Strategies | | | 8,974 | | 8,431 | |
| Class Size Reduction | CR-S1-00 CR-S1-98 | 84.340 | 42,125 | | 35,204 814 | |
| Total Class Size Reduction | | | 42,125 | | 36,018 | |
| Safe and Drug-Free Schools | DR-S1-00 DR-S1-99 | 84.186 | 5,508 | | 5,485 2,876 | |
| Total Safe and Drug-Free Schools | | | 5,508 | | 8,361 | |
| Total Department of Education | | | 333,868 | | 328,567 | |
| Totals | | | \$489,670 | \$33,454 | \$484,369 | \$37,502 |

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

**UNITED LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
FISCAL YEAR ENDED JUNE 30, 2000**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

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



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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

United Local School District
Columbiana County
8143 State Route 9
Hanoverton, Ohio 44423

We have audited the general-purpose financial statements of United Local School District, Columbiana County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 26, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated January 26, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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. However, we noted one matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 26, 2001.

United Local School District
Columbiana County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

January 26, 2001



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

United Local School District
Columbiana County
8143 State Route 9
Hanoverton, Ohio 44423

Compliance

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

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

January 26, 2001

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**UNITED LOCAL SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2000**

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



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UNITED LOCAL SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 22, 2001**