



**STRASBURG-FRANKLIN LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



**JIM PETRO**  
**AUDITOR OF STATE**  

---

**STATE OF OHIO**



**STRASBURG-FRANKLIN LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Strasburg-Franklin Local School District  
Tuscarawas County  
140 North Bodmer Avenue  
Strasburg, Ohio 44680

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Strasburg-Franklin Local School District, Tuscarawas County, Ohio, (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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2001 on our consideration of the Government'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.

**Jim Petro**  
Auditor of State

November 2, 2001

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**Strasburg-Franklin Local School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2000**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$762,515	\$44,933	\$402,949
Cash & Cash Equivalents in Segregated Accounts	0	22,861	0
<u>Receivables:</u>			
Taxes	1,424,582	0	61,725
Accounts	0	1,304	0
Intergovernmental	2,673	19,431	0
Accrued Interest	11,754	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	15,347	0	0
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	82,512	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Governmental Resources	0	0	0
 Total Assets and Other Debits	 \$2,299,383	 \$88,529	 \$464,674



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Agency			
\$9,458	\$27,255	\$0	\$0	\$1,247,110
0	0	0	0	22,861
0	0	0	0	1,486,307
0	0	0	0	1,304
0	0	0	0	22,104
0	0	0	0	11,754
4,046	0	0	0	4,046
0	0	0	0	15,347
0	0	0	0	82,512
20,195	0	3,140,530	0	3,160,725
0	0	0	259,611	259,611
<u>\$33,699</u>	<u>\$27,255</u>	<u>\$3,140,530</u>	<u>\$259,611</u>	<u>\$6,313,681</u>

**Strasburg-Franklin Local School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2001**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$1,462	\$0	\$0
Accrued Wages and Benefits Payable	263,249	8,510	0
Compensated Absences Payable	9,916	0	0
Intergovernmental Payable	57,444	0	0
Deferred Revenue	1,018,988	0	43,418
Due to Students	0	0	0
Total Liabilities	1,351,059	8,510	43,418
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings, Unreserved (Deficit)	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	24,600	1,300	0
Reserved for Inventory	15,347	0	0
Reserved for Taxes	405,594	0	18,307
Reserved for Textbooks and Materials	6,677	0	0
Reserved for Capital Improvements	114	0	0
Reserved for Budget Stabilization	75,721	0	0
Unreserved, Undesignated	420,271	78,719	402,949
Total Fund Equity and Other Credits	948,324	80,019	421,256
Total Liabilities, Fund Equity and Other Credits	\$2,299,383	\$88,529	\$464,674

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$1,462
7,209	0	0	0	278,968
7,714	0	0	243,077	260,707
6,214	0	0	16,534	80,192
2,954	0	0	0	1,065,360
0	27,255	0	0	27,255
<u>24,091</u>	<u>27,255</u>	<u>0</u>	<u>259,611</u>	<u>1,713,944</u>
0	0	3,140,530	0	3,140,530
88,473	0	0	0	88,473
(78,865)	0	0	0	(78,865)
0	0	0	0	25,900
0	0	0	0	15,347
0	0	0	0	423,901
0	0	0	0	6,677
0	0	0	0	114
0	0	0	0	75,721
0	0	0	0	901,939
<u>9,608</u>	<u>0</u>	<u>3,140,530</u>	<u>0</u>	<u>4,599,737</u>
<u>\$33,699</u>	<u>\$27,255</u>	<u>\$3,140,530</u>	<u>\$259,611</u>	<u>\$6,313,681</u>

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**Strasburg-Franklin 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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<b>Revenues:</b>				
Taxes	\$1,509,584	\$0	\$65,685	\$1,575,269
Intergovernmental	1,820,918	109,558	7,763	1,938,239
Interest	79,864	1,244	0	81,108
Tuition and Fees	32,255	0	0	32,255
Extracurricular Activities	0	94,533	0	94,533
Miscellaneous	16,339	16,489	0	32,828
<b>Total Revenues</b>	<b>3,458,960</b>	<b>221,824</b>	<b>73,448</b>	<b>3,754,232</b>
<b>Expenditures:</b>				
<b>Current:</b>				
<b>Instruction:</b>				
Regular	1,772,817	36,198	0	1,809,015
Special	179,440	54,228	0	233,668
Vocational	53,392	0	0	53,392
Other	0	0	0	0
<b>Support Services:</b>				
Pupils	58,904	0	0	58,904
Instructional Staff	118,291	11,989	0	130,280
Board of Education	16,232	0	0	16,232
Administration	364,665	9,199	0	373,864
Fiscal	114,378	0	0	114,378
Operation and Maintenance of Plant	256,195	0	0	256,195
Pupil Transportation	191,567	0	0	191,567
Central	29,730	6,174	0	35,904
Extracurricular Activities	95,554	68,380	0	163,934
Capital Outlay	773	0	48,122	48,895
Debt Service - Interest and Fiscal Charges	1,020	0	0	1,020
<b>Total Expenditures</b>	<b>3,252,958</b>	<b>186,168</b>	<b>48,122</b>	<b>3,487,248</b>
<b>Excess of Revenues Over Expenditures</b>	<b>206,002</b>	<b>35,656</b>	<b>25,326</b>	<b>266,984</b>
<b>Other Financing Sources (Uses):</b>				
Operating Transfers In	0	0	92,500	92,500
Operating Transfers Out	(92,500)	0	0	(92,500)
<b>Total Other Financing Sources (Uses)</b>	<b>(92,500)</b>	<b>0</b>	<b>92,500</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses</b>				
Financing Uses	113,502	35,656	117,826	266,984
Decrease in Reserve for Inventory	(6,819)	0	0	(6,819)
Fund Balances Beginning of Year	841,641	44,363	303,430	1,189,434
<b>Fund Balances End of Year</b>	<b>\$948,324</b>	<b>\$80,019</b>	<b>\$421,256</b>	<b>\$1,449,599</b>

See accompanying notes to the general purpose financial statements.

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

	----- General -----			----- Special Revenue -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$1,391,500	\$1,345,856	(\$45,644)	\$0	\$0	\$0
Intergovernmental	1,865,000	1,818,244	(46,756)	119,561	90,126	(29,435)
Interest	90,000	84,905	(5,095)	1,500	1,244	(256)
Tuition and Fees	42,000	32,255	(9,745)	0	0	0
Extracurricular Activities	0	0	0	101,000	93,861	(7,139)
Miscellaneous	41,000	16,339	(24,661)	18,250	16,489	(1,761)
<b>Total Revenues</b>	<b>3,429,500</b>	<b>3,297,599</b>	<b>(131,901)</b>	<b>240,311</b>	<b>201,720</b>	<b>(38,591)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	1,923,155	1,797,367	125,788	49,863	36,198	13,665
Special	188,000	179,739	8,261	88,328	55,886	32,442
Vocational	57,000	54,149	2,851	0	0	0
Other	9,039	6,137	2,902	0	0	0
<b>Support Services:</b>						
Pupils	101,325	85,822	15,503	0	0	0
Instructional Staff	139,650	119,644	20,006	13,537	11,989	1,548
Board of Education	24,500	18,188	6,312	0	0	0
Administration	404,150	371,175	32,975	11,750	9,199	2,551
Fiscal	134,750	116,166	18,584	0	0	0
Operation and Maintenance of Plant	324,570	264,545	60,025	0	0	0
Pupil Transportation	202,161	195,862	6,299	0	0	0
Central	40,500	29,730	10,770	8,424	6,174	2,250
Extracurricular Activities	108,400	95,925	12,475	78,912	69,679	9,233
Capital Outlay	11,375	773	10,602	0	0	0
<b>Debt Service:</b>						
Principal Retirement	27,500	25,881	1,619	0	0	0
Interest and Fiscal Charges	2,500	1,020	1,480	0	0	0
<b>Total Expenditures</b>	<b>3,698,575</b>	<b>3,362,123</b>	<b>336,452</b>	<b>250,814</b>	<b>189,125</b>	<b>61,689</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(269,075)</b>	<b>(64,524)</b>	<b>204,551</b>	<b>(10,503)</b>	<b>12,595</b>	<b>23,098</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(92,500)	(92,500)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(92,500)</b>	<b>(92,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses</b>	<b>(361,575)</b>	<b>(157,024)</b>	<b>204,551</b>	<b>(10,503)</b>	<b>12,595</b>	<b>23,098</b>
Fund Balances Beginning of Year	944,714	944,714	0	51,738	51,738	0
Prior Year Encumbrances Appropriated	31,816	31,816	0	2,162	2,162	0
<b>Fund Balances End of Year</b>	<b>\$614,955</b>	<b>\$819,506</b>	<b>\$204,551</b>	<b>\$43,397</b>	<b>\$66,495</b>	<b>\$23,098</b>

See accompanying notes to the general purpose financial statements.

----- Capital Projects -----			----- Totals (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$62,000	\$58,245	(\$3,755)	\$1,453,500	\$1,404,101	(\$49,399)
59,000	57,763	(1,237)	2,043,561	1,966,133	(77,428)
0	0	0	91,500	86,149	(5,351)
0	0	0	42,000	32,255	(9,745)
0	0	0	101,000	93,861	(7,139)
0	0	0	59,250	32,828	(26,422)
<u>121,000</u>	<u>116,008</u>	<u>(4,992)</u>	<u>3,790,811</u>	<u>3,615,327</u>	<u>(175,484)</u>
39,584	39,584	0	2,012,602	1,873,149	139,453
0	0	0	276,328	235,625	40,703
0	0	0	57,000	54,149	2,851
0	0	0	9,039	6,137	2,902
0	0	0	101,325	85,822	15,503
0	0	0	153,187	131,633	21,554
0	0	0	24,500	18,188	6,312
0	0	0	415,900	380,374	35,526
0	0	0	134,750	116,166	18,584
20,000	0	20,000	344,570	264,545	80,025
0	0	0	202,161	195,862	6,299
0	0	0	48,924	35,904	13,020
0	0	0	187,312	165,604	21,708
35,000	8,538	26,462	46,375	9,311	37,064
0	0	0	27,500	25,881	1,619
0	0	0	2,500	1,020	1,480
<u>94,584</u>	<u>48,122</u>	<u>46,462</u>	<u>4,043,973</u>	<u>3,599,370</u>	<u>444,603</u>
<u>26,416</u>	<u>67,886</u>	<u>41,470</u>	<u>(253,162)</u>	<u>15,957</u>	<u>269,119</u>
				0	
92,500	92,500	0	92,500	92,500	0
0	0	0	(92,500)	(92,500)	0
<u>92,500</u>	<u>92,500</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
118,916	160,386	41,470	(253,162)	15,957	269,119
202,979	202,979	0	1,199,431	1,199,431	0
<u>39,584</u>	<u>39,584</u>	<u>0</u>	<u>73,562</u>	<u>73,562</u>	<u>0</u>
<u>\$361,479</u>	<u>\$402,949</u>	<u>\$41,470</u>	<u>\$1,019,831</u>	<u>\$1,288,950</u>	<u>\$269,119</u>

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**Strasburg-Franklin Local School District**  
Statement of Revenues, Expenses and Changes in Retained Earnings  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise Fund</u>
<u>Operating Revenues:</u>	
Sales	\$125,419
 <u>Operating Expenses:</u>	
Salaries	69,291
Fringe Benefits	24,697
Purchased Services	130
Materials and Supplies	2,186
Cost of Sales	77,969
Depreciation	2,277
 Total Operating Expenses	 176,550
 Operating Loss	 (51,131)
 <u>Non-Operating Revenues:</u>	
Federal Donated Commodities	9,305
Interest Income	770
Operating Grants	28,538
 Total Non-Operating Revenues	 38,613
 Net Loss	 (12,518)
 Retained Earnings (Deficit) at Beginning of Year	 (66,347)
 Retained Earnings (Deficit) at End of Year	 (78,865)

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
 Combined Statement of Revenues, Expenses and Changes in Fund Equity  
 Budget and Actual (Budget Basis) - Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2000

	----- Enterprise Fund -----		
	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$130,700	\$125,419	(\$5,281)
Operating Grants	28,800	28,538	(262)
Interest Income	<u>1,500</u>	<u>770</u>	<u>(730)</u>
 Total Revenues	 <u>161,000</u>	 <u>154,727</u>	 <u>(6,273)</u>
<u>Expenses:</u>			
Salaries	70,500	68,225	2,275
Fringe Benefits	24,500	24,196	304
Purchased Services	250	130	120
Materials and Supplies	<u>72,000</u>	<u>70,579</u>	<u>1,421</u>
 Total Expenses	 <u>167,250</u>	 <u>163,130</u>	 <u>4,120</u>
 Excess of Revenues Under Expenses	 (6,250)	 (8,403)	 (2,153)
 Fund Equity at Beginning of Year	 <u>17,861</u>	 <u>17,861</u>	 <u>          </u>
 Fund Equity at End of Year	 <u><u>11,611</u></u>	 <u><u>9,458</u></u>	 <u><u>(\$2,153)</u></u>

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
Statement of Cash Flows - Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2000

	<u>Enterprise Fund</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	
<u>Cash Flows From (Used for) Operating Activities:</u>	
Cash Received from Customers	\$125,419
Cash Payments to Suppliers for Goods and Services	(70,709)
Cash Payments to Employees	(68,225)
Cash Payments for Employee Benefits	(24,196)
Net Cash Used for Operating Activities	(37,711)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	28,538
<u>Cash Flow from Investing Activities:</u>	
Interest Income	770
Net Decrease in Cash and Cash Equivalents	(8,403)
Cash and Cash Equivalents at Beginning of Year	17,861
Cash and Cash Equivalents at End of Year	\$9,458
 <b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u></b>	
Operating Loss	(\$51,131)
<u>Adjustments:</u>	
Donated Commodities Used	9,305
Depreciation	2,277
<u>Decrease in Assets:</u>	
Inventory Held for Resale	271
<u>(Decrease)/Increase in Liabilities:</u>	
Accrued Wages and Benefits Payable	(520)
Compensated Absences Payable	2,178
Intergovernmental Payable	(91)
Total Adjustments	13,420
Net Cash Used for Operating Activities	(\$37,711)

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**Note 1 - Description of the School District and Reporting Entity**

There have been schools in Franklin Township, Tuscarawas County, Ohio, dating back to 1816. However, the Strasburg-Franklin Local School District (the "School District") was officially formed in 1946, with the closing of the last of six township schools and the transfer of those students to the school buildings in town for their education.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State or federal agencies. The Board controls the School District's one facility, staffed by 19 classified personnel, 45 certificated teaching personnel and three administrators who provide services to 690 students and other community members.

Reporting Entity

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

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

The School District is associated with four organizations which are defined as jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 8 to the general purpose financial statements. These organizations are:

- Ohio Mid-Eastern Regional Educational Services Agency
- Buckeye Career Center
- Strasburg Enterprise Zone Committee
- Tuscarawas County Tax Incentive Review Council
- Ohio School Boards Association Workers' Compensation Group Rating Program

**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.

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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

A. Basis of Presentation - Fund Accounting (Continued)

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

Governmental Fund Types:

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

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

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

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

Proprietary Fund Type:

The proprietary fund type is used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is 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 the user charges, or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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 fund.



**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

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.

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

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

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 60 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: interest, tuition, grants and student fees.

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

The measurement focus of governmental fund accounting is based 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 governmental funds.

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

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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

C. Budgetary Data (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level for the general fund. All other funds are approved at the fund level. 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 the 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 Tuscarawas County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement 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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within the general fund must be approved by the Board of Education. All other funds are approved at the fund level.

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations approved by the Board prior to June 30. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

C. Budgetary Data (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the fund and function level for the general fund and at the fund level for all other funds. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. 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 combined balance sheet.

During fiscal year 2000, investments were limited to STAROhio and certificates of deposit.

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

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.

The School District has a segregated bank account for monies held separate from the School District's central bank account. This interest bearing depository account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the School District treasury.

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 \$79,864, which includes \$29,965 assigned from other School District funds.

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 an original 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 original maturity of more than three months are reported as investments.

E. Interfund Assets and Liabilities

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

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

F. 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 and as an expense in the proprietary fund type when used. 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 the proprietary fund consist of donated food and purchased food, and are expensed when used.

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 and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials, the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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 received. The School District maintains a capitalization threshold of \$250. 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 type is computed using the straight-line method over an estimated useful life of twelve years. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

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 participates in several State and Federal programs, categorized as follows:

<u>Entitlements</u>
General Fund
State Foundation Program
School Bus Purchase Program
State Property Tax Relief
Capital Projects Fund
State Property Tax Relief

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants

Special Revenue Funds

- Professional Development Block Grant
- Educational Management Information System Grant
- Entry Year Grant - Teacher Mentoring
- Data Communications Subsidy
- Ohio Reads Grant
- Safe Schools Helpline
- Title VI-B
- Title I
- Title VI
- Title VI-R, Class Size Reduction

Capital Projects Funds

- School Net Plus Grants
- Technology Equity Grant
- Emergency Repair Grant

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Proprietary Fund

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements for governmental fund types amounted to 52 percent of the School District's operating revenue during the 2000 fiscal year.

J. 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 attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are reported as "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 the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

K. Accrued Liabilities and Long-Term Obligations

In general, governmental payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 60 days after year end are considered not to have been paid with current available financial resources.

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

L. Interfund Transactions

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

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

M. Fund Equity Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, taxes, textbooks and materials, capital improvements and budget stabilization. The reserve for taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve budget for stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

There was no change in the amount of contributed capital in the year ended June 30, 2000.

O. 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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

P. Total Columns on General Purpose Financial Statements

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

**Note 3 - Budgetary Basis of Accounting**

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

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$ 113,502	\$ 35,656	\$ 117,826
Net Adjustment for Revenue Accruals	( 16,136)	( 20,103)	42,560
Net Adjustment for Expenditure Accruals	(202,828)	( 1,659)	0
Principal Retirement	( 25,881)	0	0
Adjustment for Encumbrances	<u>( 25,681)</u>	<u>( 1,299)</u>	<u>0</u>
Budget Basis	<u>\$(157,024)</u>	<u>\$ 12,595</u>	<u>\$ 160,386</u>

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 3 - Budgetary Basis of Accounting (Continued)**

Net Loss/Excess of Revenues Under Expenses Enterprise Fund	
GAAP Basis	\$ (12,518)
Net Adjustment for Expense Accruals	1,838
Depreciation Expense	<u>2,277</u>
Budget Basis	<u>\$ ( 8,403)</u>

**Note 4 - Accountability and Compliance**

The enterprise fund had deficit retained earnings at June 30, 2000:

	<u>Deficit Retained Earnings</u>
Enterprise Fund:	
Food Service Fund	\$ 78,865

The food service fund concluded fiscal year 2000 with deficit retained earnings of (\$78,865) compared to (\$66,347) at the end of fiscal year 2000. Management is analyzing the food service operations to determine appropriate action to alleviate the deficit.

**Note 5 - Cash and Cash Equivalents**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as a 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 are to 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 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;



**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 5 - Cash and Cash Equivalents (Continued)**

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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 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; and,
6. The State Treasurer's investment pool (STAR Ohio);

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 of 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 custodial credit risk as defined in GASB Statement 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, including segregated accounts, was \$914,437 and the bank balance was \$1,027,347. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$827,347 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the School District's deposits 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 custodial credit 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, and had a carrying amount and fair value of \$438,046 at June 30, 2000.

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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 5 - Cash and Cash Equivalents (Continued)**

Investments: (Continued)

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,352,483	\$ 0
STAROhio	<u>( 438,046)</u>	<u>438,046</u>
GASB Statement No. 3	<u>\$ 914,437</u>	<u>\$ 438,046</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 distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every 6 years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Tuscarawas 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 \$405,594 to the general fund and \$18,307 to the permanent improvement capital projects fund.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 6 - Property Taxes (Continued)**

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

	<u>First Half</u> <u>Collections</u>		<u>Second Half</u> <u>Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential & Other Real Estate	\$ 46,524,050	88.3%	\$47,886,740	88.7%
Public Utility Personal	2,773,350	5.3%	2,748,810	5.1%
Tangible Personal Property	<u>3,385,315</u>	<u>6.4%</u>	<u>3,343,440</u>	<u>6.2%</u>
	<u>\$ 52,682,715</u>	<u>100.0%</u>	<u>\$53,978,990</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation		\$27.25		\$25.29

**Note 7 - Receivables**

Receivables at June 30, 2000, consisted of taxes, intergovernmental receivables, accounts receivable and accrued interest. 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. The principal item of intergovernmental receivable at June 30, 2000, was to the Title VI-B, FY2000 Grant special revenue fund in the amount of \$19,431. Other intergovernmental receivables included reimbursement of summer school teacher salaries from a grant fund and driver's education reimbursement from the state.

**Note 8 - Jointly Governed Organizations and Insurance Purchasing Pool**

A. Jointly Governed Organizations

The Ohio Mid-Eastern Regional Educational Services Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State Statutes (Section 3301.075). OME-RESA provides computerized financial accounting services, educational management information system, cooperative purchasing services and legal services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no measurable equity interest exists.

The Buckeye Career Center, a joint vocational school, is a jointly governed organization providing vocational services to its 11 member school districts. The Career Center is governed by a board of education comprised of 11 members appointed by the participating school districts. The board controls the financial activity of the Career Center. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists.

The Strasburg Enterprise Zone Committee is a jointly governed organization created as a regional council of governments pursuant to State Statutes. The Enterprise Zone Committee has seven members, consisting of three members appointed by Strasburg Village Council, the Mayor of the Village, two business people, and one member appointed by the Strasburg-Franklin Local Board of Education. The committee has the authority to negotiate tax abatement agreements with current and prospective businesses located in the Enterprise Zone. There is no cost associated with being a member of this committee. The continued existence of this committee is not dependant upon the School District's continued participation and no equity interest exists.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 8 - Jointly Governed Organizations and Insurance Purchasing Pool (Continued)**

A. Jointly Governed Organizations (Continued)

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the Tuscarawas County auditor's office and eight members appointed by boards of education located within Tuscarawas County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependant on the School District's continued participation and no equity interest exists.

B. Insurance Purchasing Pool

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

**Note 9 - Fixed Assets**

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

Furniture and Equipment	\$ 71,414
Less: Accumulated Depreciation	<u>(51,219)</u>
Net Fixed Assets	<u>\$ 20,195</u>

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

	Balance <u>July 1, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Balance <u>June 30, 2000</u>
Land & Improvements	\$ 12,320	\$ 0	\$ 0	\$ 12,320
Buildings	1,354,097	0	0	1,354,097
Furniture & Equipment	1,274,449	133,297	44,460	1,363,286
Vehicles	<u>355,747</u>	<u>112,080</u>	<u>57,000</u>	<u>410,827</u>
Total	<u>\$2,996,613</u>	<u>\$ 245,377</u>	<u>\$101,460</u>	<u>\$ 3,140,530</u>

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

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance Company for property insurance. Indiana Insurance Company also covers boiler and machinery with a \$1,000 deductible and inland marine coverage with a \$500 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate/\$1,000,000 single occurrence limit and a \$3,000 deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$100 deductible for comprehensive and \$1,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 10 - Risk Management (Continued)**

For the fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 8). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 11 - Defined Benefit Pension Plan**

A. State Teachers Retirement System

The School District participates in 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. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2000, plan members are required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For the fiscal year 1999, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions to STRS for the fiscal years ending June 30, 2000, 1999 and 1998 were \$100,630, \$95,554, and \$161,955, respectively; 82.6 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$17,515 represents the unpaid contribution for fiscal year 2000, and is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for the fiscal year 2000, 5.5 percent of annual covered salary was the portion to fund pension obligations. For the 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 statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ending June 30, 2000, 1999 and 1998 were \$22,931, \$31,353, and \$36,450, respectively; 51.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$11,171, 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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 11 - Defined Benefit Pension Plan (Continued)**

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

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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$134,174 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), 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 10 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 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated 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 healthcare benefits, including surcharge, equaled \$27,569 during the 2000 fiscal year.

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 annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 (the latest information), 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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 13 - Other Employee Benefits**

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. The Superintendent and eleven and twelve month classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and principals do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 200 days for certified employees and 194 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulated, up to a maximum of 48 days for certified employees and a maximum of 42 days for classified employees. Any employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Insurances

The School District has elected to provide employee medical/surgical benefits through a comprehensive major medical insurance program. The plan provides a medical/surgical plan with a \$400 family and a \$200 single deductible. Dental coverage is also provided through Mutual Health Services Company. Deductibles for this plan are \$25 for an individual, with a \$75 maximum family deductible. The School District also provides \$15,000 in life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Co.

**Note 14 – Note Activity**

The School District's note activity, including amount outstanding, interest rate and the purpose for which the note was issued is as follows:

	<u>Principal Outstanding June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding June 30, 2000</u>
General Fund:				
Energy Conservation Loan	\$ 25,881	\$ 0	\$ 25,881	\$ 0

**Note 15 - Long-Term Obligations**

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

	<u>Outstanding June 30, 1999</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2000</u>
<u>General Long-Term Obligations Account Group</u>				
Compensated Absences	\$ 216,588	\$ 26,489	\$ 0	\$ 243,077
Intergovernmental Payable	<u>16,264</u>	<u>16,534</u>	<u>16,264</u>	<u>16,534</u>
Total	<u>\$ 232,852</u>	<u>\$ 43,023</u>	<u>\$ 16,264</u>	<u>\$ 259,611</u>

Compensated absences will be paid from the fund from which the employee's salary is paid. The intergovernmental payable represents contractually required pension obligations paid outside the available period and will be paid from the fund from which the employee's salary is paid.

The School District's overall legal debt margin was \$4,858,109, with an unvoted debt margin of \$53,797 at June 30, 2000.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

**Note 16 - 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 any legal proceedings.

**Note 17 - Set-Aside Calculations and Fund Reserves**

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

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

	<u>Textbook</u>	<u>Capital Improvement</u>	<u>Budget Stabilization</u>
<u>Set Aside Reserve</u>			
Balance as of June 30, 2000	\$ 1,942	\$ 0	\$ 44,721
Current year set-aside requirement	83,622	83,622	28,048
Qualifying disbursements	( 81,306)	(27,386)	0
Offsets for the current year	( 0)	(58,245)	0
Set aside balance carried forward to Future fiscal years	<u>\$ 4,258</u>	<u>\$ 0</u>	<u>\$ 72,769</u>
Required set aside reserve balance as of June 30, 2001	<u>\$ 4,258</u>	<u>\$ 0</u>	<u>\$ 72,769</u>

The total of Restricted Assets: Equity in Pooled Cash and Cash Equivalents on the Balance Sheet is \$82,512, higher than the total set-aside carried forward above. The School District, when estimating the amounts that would be necessary for these set-asides, over-estimated and set aside more cash than was necessary in the above funds.

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirement of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amounts 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 \$77,027.



**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000  
(Continued)

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**Note 18 – Subsequent Event (State School Funding Decision)**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

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

Strasburg-Franklin Local School District  
Tuscarawas County  
140 North Bodmer Avenue  
Strasburg, Ohio 44680

To the Board of Education:

We have audited the financial statements of Strasburg-Franklin Local School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated November 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audits 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 November 2, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audits, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. 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.

Strasburg-Franklin Local School District  
Tuscarawas County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 2, 2001.

This report is intended for the information and use of management and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

November 2, 2001



**STRASBURG-FRANKLIN LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**STRASBURG-FRANKLIN LOCAL SCHOOL DISTRICT  
TUSCARAWAS COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Strasburg-Franklin Local School District  
Tuscarawas County  
140 North Bodmer Avenue  
Strasburg, Ohio 44680

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 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.

**Jim Petro**  
Auditor of State

November 2, 2001

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**Strasburg-Franklin Local School District**  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$864,613	\$74,706	\$563,070
Cash & Cash Equivalents in Segregated Accounts	0	23,247	0
<u>Receivables:</u>			
Taxes	1,448,824	0	63,748
Accounts	0	1,545	0
Intergovernmental	3,740	0	0
Accrued Interest	21,778	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	15,348	0	0
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	17,021	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Governmental Resources	<u>0</u>	<u>0</u>	<u>0</u>
 Total Assets and Other Debits	 <u><u>\$2,371,324</u></u>	 <u><u>\$99,498</u></u>	 <u><u>\$626,818</u></u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Agency			
\$14,711	\$29,430	\$0	\$0	\$1,546,530
0	0	0	0	23,247
0	0	0	0	1,512,572
1,837	0	0	0	3,382
0	0	0	0	3,740
0	0	0	0	21,778
4,414	0	0	0	4,414
0	0	0	0	15,348
0	0	0	0	17,021
17,919	0	3,069,761	0	3,087,680
<u>0</u>	<u>0</u>	<u>0</u>	<u>\$270,786</u>	<u>270,786</u>
<u>\$38,881</u>	<u>\$29,430</u>	<u>\$3,069,761</u>	<u>\$270,786</u>	<u>\$6,506,498</u>

**Strasburg-Franklin Local School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2001**

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$3,272	\$3,567	\$6,011
Accrued Wages and Benefits Payable	295,788	9,988	0
Compensated Absences Payable	18,233	0	0
Intergovernmental Payable	62,987	0	0
Deferred Revenue	1,106,122	0	48,669
Due to Students	0	0	0
Total Liabilities	<u>1,486,402</u>	<u>13,555</u>	<u>54,680</u>
 <u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings, Unreserved (Deficit)	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	13,395	3,819	0
Reserved for Inventory	15,348	0	0
Reserved for Taxes	342,702	0	15,079
Reserved for Budget Stabilization	17,021	0	0
Unreserved, Undesignated	496,456	82,124	557,059
Total Fund Equity and Other Credits	<u>884,922</u>	<u>85,943</u>	<u>572,138</u>
 Total Liabilities, Fund Equity and Other Credits	 <u>\$2,371,324</u>	 <u>\$99,498</u>	 <u>\$626,818</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long- Term Obligations	
Enterprise	Agency			
\$0	\$576	\$0	\$0	\$13,426
7,699	0	0	0	313,475
8,598	0	0	252,563	279,394
6,680	0	0	18,223	87,890
2,831	0	0	0	1,157,622
0	28,854	0	0	28,854
<u>25,808</u>	<u>29,430</u>	<u>0</u>	<u>270,786</u>	<u>1,880,661</u>
0	0	3,069,761	0	3,069,761
77,674	0	0	0	77,674
(64,601)	0	0	0	(64,601)
0	0	0	0	17,214
0	0	0	0	15,348
0	0	0	0	357,781
0	0	0	0	17,021
0	0	0	0	1,135,639
<u>13,073</u>	<u>0</u>	<u>3,069,761</u>	<u>0</u>	<u>4,625,837</u>
<u>\$38,881</u>	<u>\$29,430</u>	<u>\$3,069,761</u>	<u>\$270,786</u>	<u>\$6,506,498</u>

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

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>				
Taxes	\$1,317,827	\$0	\$56,712	\$1,374,539
Intergovernmental	1,966,345	136,717	120,949	2,224,011
Interest	99,713	1,386	0	101,099
Tuition and Fees	102,060	0	0	102,060
Extracurricular Activities	0	120,284	0	120,284
Miscellaneous	39,145	18,225	0	57,370
Total Revenues	<u>3,525,090</u>	<u>276,612</u>	<u>177,661</u>	<u>3,979,363</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	1,895,724	52,906	0	1,948,630
Special	211,506	84,100	0	295,606
Vocational	58,194	0	0	58,194
Other	100,838	0	0	100,838
Support Services:				
Pupils	55,613	18,302	0	73,915
Instructional Staff	123,911	15,347	0	139,258
Board of Education	15,699	0	0	15,699
Administration	363,380	7,678	0	371,058
Fiscal	99,479	0	0	99,479
Operation and Maintenance of Plant	281,948	0	0	281,948
Pupil Transportation	145,227	0	0	145,227
Central	33,722	6,000	0	39,722
Extracurricular Activities	98,914	86,355	0	185,269
Capital Outlay	0	0	111,278	111,278
Total Expenditures	<u>3,484,155</u>	<u>270,688</u>	<u>111,278</u>	<u>3,866,121</u>
Excess of Revenues Over Expenditures	<u>40,935</u>	<u>5,924</u>	<u>66,383</u>	<u>113,242</u>
<u>Other Financing Sources (Uses):</u>				
Operating Transfers In	0	0	84,500	84,500
Operating Transfers Out	(104,500)	0	0	(104,500)
Total Other Financing Sources (Uses)	<u>(104,500)</u>	<u>0</u>	<u>84,500</u>	<u>(20,000)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	(63,565)	5,924	150,883	93,242
Increase in Cash and Fund Balance	163	0	0	163
Fund Balances Beginning of Year	<u>948,324</u>	<u>80,019</u>	<u>421,255</u>	<u>1,449,598</u>
Fund Balances End of Year	<u><u>\$884,922</u></u>	<u><u>\$85,943</u></u>	<u><u>\$572,138</u></u>	<u><u>\$1,543,003</u></u>

See accompanying notes to the general purpose financial statements.

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

	----- General -----			----- Special Revenue -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$1,425,000	\$1,380,720	(\$44,280)	\$0	\$0	\$0
Intergovernmental	1,967,000	1,965,279	(1,721)	153,148	156,148	3,000
Interest	95,000	89,689	(5,311)	1,750	1,387	(363)
Tuition and Fees	36,500	102,060	65,560	0	0	0
Extracurricular Activities	0	0	0	130,500	120,043	(10,457)
Miscellaneous	37,500	39,144	1,644	19,750	18,224	(1,526)
<b>Total Revenues</b>	<b>3,561,000</b>	<b>3,576,892</b>	<b>15,892</b>	<b>305,148</b>	<b>295,802</b>	<b>(9,346)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	1,936,932	1,868,953	67,979	57,459	51,076	6,383
Special	205,500	203,701	1,799	96,090	88,293	7,797
Vocational	61,150	57,500	3,650	0	0	0
Other	103,500	102,588	912	0	0	0
<b>Support Services:</b>						
Pupils	93,479	55,827	37,652	18,302	18,302	0
Instructional Staff	144,350	123,678	20,672	15,790	14,983	807
Board of Education	23,500	15,706	7,794	0	0	0
Administration	408,000	363,411	44,589	10,000	7,676	2,324
Fiscal	113,250	100,698	12,552	0	0	0
Operation and Maintenance of Plant	310,500	283,627	26,873	0	0	0
Pupil Transportation	161,750	144,644	17,106	0	0	0
Central	37,500	33,722	3,778	15,000	6,000	9,000
Extracurricular Activities	116,250	98,559	17,691	87,050	86,699	351
Capital Outlay	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>3,715,661</b>	<b>3,452,614</b>	<b>263,047</b>	<b>299,691</b>	<b>273,029</b>	<b>26,662</b>
<b>Excess of Revenues Over Expenditures</b>	<b>(154,661)</b>	<b>124,278</b>	<b>278,939</b>	<b>5,457</b>	<b>22,773</b>	<b>17,316</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(104,500)	(104,500)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(104,500)</b>	<b>(104,500)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses</b>	<b>(259,161)</b>	<b>19,778</b>	<b>278,939</b>	<b>5,457</b>	<b>22,773</b>	<b>17,316</b>
Fund Balances Beginning of Year	819,508	819,508	0	66,494	66,494	0
Prior Year Encumbrances Appropriated	25,681	25,681	0	1,300	1,300	0
<b>Fund Balances End of Year</b>	<b>\$586,028</b>	<b>\$864,967</b>	<b>\$278,939</b>	<b>\$73,251</b>	<b>\$90,567</b>	<b>\$17,316</b>

See accompanying notes to the general purpose financial statements.

----- Capital Projects -----			----- Totals (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$64,500	\$59,940	(\$4,560)	\$1,489,500	\$1,440,660	(\$48,840)
75,905	120,949	45,044	2,196,053	2,242,376	46,323
0	0	0	96,750	91,076	(5,674)
0	0	0	36,500	102,060	65,560
0	0	0	130,500	120,043	(10,457)
0	0	0	57,250	57,368	118
<u>140,405</u>	<u>180,889</u>	<u>40,484</u>	<u>4,006,553</u>	<u>4,053,583</u>	<u>47,030</u>
68,405	60,842	7,563	2,062,796	1,980,871	81,925
0	0	0	301,590	291,994	9,596
0	0	0	61,150	57,500	3,650
0	0	0	103,500	102,588	912
0	0	0	111,781	74,129	37,652
0	0	0	160,140	138,661	21,479
0	0	0	23,500	15,706	7,794
0	0	0	418,000	371,087	46,913
0	0	0	113,250	100,698	12,552
25,000	0	25,000	335,500	283,627	51,873
0	0	0	161,750	144,644	17,106
0	0	0	52,500	39,722	12,778
0	0	0	203,300	185,258	18,042
<u>50,000</u>	<u>50,348</u>	<u>(348)</u>	<u>50,000</u>	<u>50,348</u>	<u>(348)</u>
<u>143,405</u>	<u>111,190</u>	<u>32,215</u>	<u>4,158,757</u>	<u>3,836,833</u>	<u>321,924</u>
<u>(3,000)</u>	<u>69,699</u>	<u>72,699</u>	<u>(152,204)</u>	<u>216,750</u>	<u>368,954</u>
100,000	84,500	(15,500)	100,000	84,500	(15,500)
<u>0</u>	<u>0</u>	<u>0</u>	<u>(104,500)</u>	<u>(104,500)</u>	<u>0</u>
<u>100,000</u>	<u>84,500</u>	<u>(15,500)</u>	<u>(4,500)</u>	<u>(20,000)</u>	<u>(15,500)</u>
97,000	154,199	57,199	(156,704)	196,750	353,454
402,949	402,949	0	1,288,951	1,288,951	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>26,981</u>	<u>26,981</u>	<u>0</u>
<u>\$499,949</u>	<u>\$557,148</u>	<u>\$57,199</u>	<u>\$1,159,228</u>	<u>\$1,512,682</u>	<u>\$353,454</u>

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**Strasburg-Franklin Local School District**  
Statement of Revenues, Expenses and Changes in Retained Earnings  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise Fund</u>
<u>Operating Revenues:</u>	
Sales	\$131,170
 <u>Operating Expenses:</u>	
Salaries	71,210
Fringe Benefits	30,852
Purchased Services	267
Materials and Supplies	2,364
Cost of Sales	81,974
Depreciation	2,276
Total Operating Expenses	188,943
Operating Loss	(57,773)
 <u>Non-Operating Revenues:</u>	
Federal Donated Commodities	10,402
Interest Income	330
Operating Grants	30,506
Transfers In	20,000
Total Non-Operating Revenues	61,238
Net Income	3,465
Retained Earnings (Deficit) at Beginning of Year	(78,865)
Net Book Value of Assets Removed from Balance Sheet	10,799
Adjusted Retained Earnings (Deficit) at Beginning of Year	(68,066)
Retained Earnings (Deficit) at End of Year	(\$64,601)

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
 Combined Statement of Revenues, Expenses and Changes in Fund Equity  
 Budget and Actual (Budget Basis) - Proprietary Fund Type  
 For the Fiscal Year Ended June 30, 2001

	----- Enterprise Fund -----		
	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$130,500	\$129,333	(\$1,167)
Operating Grants	29,000	30,506	1,506
Interest Income	<u>1,000</u>	<u>330</u>	<u>(670)</u>
 Total Revenues	 <u>160,500</u>	 <u>160,169</u>	 <u>(331)</u>
<u>Expenses:</u>			
Salaries	70,100	70,053	47
Fringe Benefits	30,300	30,169	131
Purchased Services	350	267	83
Materials and Supplies	<u>74,500</u>	<u>74,427</u>	<u>73</u>
 Total Expenses	 <u>175,250</u>	 <u>174,916</u>	 <u>334</u>
 Excess of Revenues Under Expenses Before Transfers In	 (14,750)	 (14,747)	 (3)
 Operating Transfers In	 <u>20,000</u>	 <u>20,000</u>	 <u>0</u>
 Excess of Revenue Over Expenses	 5,250	 5,253	 (3)
 Fund Equity at Beginning of Year	 <u>9,458</u>	 <u>9,458</u>	 <u>0</u>
 Fund Equity at End of Year	 <u><u>\$14,708</u></u>	 <u><u>\$14,711</u></u>	 <u><u>(\$3)</u></u>

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
Statement of Cash Flows - Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001

	<u>Enterprise Fund</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	
<u>Cash Flows From (Used for) Operating Activities:</u>	
Cash Received from Customers	\$129,333
Cash Payments to Suppliers for Goods and Services	(74,694)
Cash Payments to Employees	(70,053)
Cash Payments for Employee Benefits	(30,169)
Net Cash Used for Operating Activities	(45,583)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	30,506
Transfers In	20,000
Net Cash from Noncapital Financing Activities	50,506
<u>Cash Flow from Investing Activities:</u>	
Interest Income	330
Net Increase in Cash and Cash Equivalents	5,253
Cash and Cash Equivalents at Beginning of Year	9,458
Cash and Cash Equivalents at End of Year	\$14,711
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u></b>	
Operating Loss	(\$57,773)
<u>Adjustments:</u>	
Donated Commodities Used	10,402
Depreciation	2,276
<u>Increase in Assets:</u>	
Accounts Receivable	(1,837)
Inventory Held for Resale	(368)
<u>(Decrease)/Increase in Liabilities:</u>	
Accrued Wages and Benefits Payable	490
Compensated Absences Payable	884
Intergovernmental Payable	466
Deferred Revenue	(123)
Total Adjustments	12,190
Net Cash Used for Operating Activities	(\$45,583)

See accompanying notes to the general purpose financial statements.

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**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001

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**Note 1 - Description of the School District and Reporting Entity**

There have been schools in Franklin Township, Tuscarawas County, Ohio, dating back to 1816. However, the Strasburg-Franklin Local School District (the "School District") was officially formed in 1946, with the closing of the last of six township schools and the transfer of those students to the school buildings in town for their education.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State or federal agencies. The Board controls the School District's one facility, staffed by 19 classified personnel, 46 certificated teaching personnel and three administrators who provide services to 690 students and other community members.

Reporting Entity

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

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

The School District is associated with four organizations which are defined as jointly governed organizations and one insurance purchasing pool. These organizations are presented in Note 8 to the general purpose financial statements. These organizations are:

Ohio Mid-Eastern Regional Educational Services Agency  
Buckeye Career Center  
Strasburg Enterprise Zone Committee  
Tuscarawas County Tax Incentive Review Council  
Ohio School Boards Association Workers' Compensation Group Rating Program

**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.

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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

A. Basis of Presentation - Fund Accounting (Continued)

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

Governmental Fund Types:

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

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

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

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

Proprietary Fund Type:

The proprietary fund type is used to account for the School District's ongoing activities which are similar to those found in the private sector. The following is the School District's proprietary fund type:

Enterprise Fund - The enterprise fund is 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 the user charges, or where it has been decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District does not have any trust funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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 fund.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

**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.

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

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

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 60 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: interest, tuition, grants and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is based 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 governmental funds.

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

**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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

C. Budgetary Data (Continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level for the general fund. All other funds are approved at the fund level. 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 the 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 Tuscarawas County Budget Commission for rate determination.

Estimated Resources:

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

Appropriations:

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

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations approved by the Board prior to June 30. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

C. Budgetary Data (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations at the fund and function level for the general fund and at the fund level for all other funds. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. 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 combined balance sheet.

During fiscal year 2001, investments were limited to STAROhio and certificates of deposit.

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

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, 2001.

The School District has a segregated bank account for monies held separate from the School District's central bank account. This interest bearing depository account is presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since it is not required to be deposited into the School District treasury.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$99,713, which includes \$44,377 assigned from other School District funds.

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 an original 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 original maturity of more than three months are reported as investments.

E. Interfund Assets and Liabilities

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

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

F. 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 and as an expense in the proprietary fund type when used. 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 the proprietary fund consist of donated food and purchased food, and are expensed when used.

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 and amounts required by statute to be set-aside by the School District for the purchase of textbooks and other instructional materials, the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

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 received. The School District maintains a capitalization threshold of \$500. 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 type is computed using the straight-line method over an estimated useful life of twelve years. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets.

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 participates in several State and Federal programs, categorized as follows:

Entitlements

- General Fund
  - State Foundation Program
  - School Bus Purchase Program
  - State Property Tax Relief
- Capital Projects Fund
  - State Property Tax Relief



**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

I. Intergovernmental Revenues (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant  
Educational Management Information System Grant  
Entry Year Grant - Teacher Mentoring  
Data Communications Subsidy  
Ohio Reads Grant  
Safe Schools Helpline  
Title VI-B  
Title I  
Title VI  
Title VI-R, Class Size Reduction

Capital Projects Funds

School Net Plus Grants  
Technology Equity Grant  
Emergency Repair Grant

Reimbursable Grants

Proprietary Fund

National School Lunch Program  
Government Donated Commodities

Grants and entitlements for governmental fund types amounted to 56 percent of the School District's operating revenue during the 2001 fiscal year.

J. 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 attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are reported as "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 the proprietary fund, the entire amount of compensated absences is reported as a fund liability.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 2 - Summary of Significant Accounting Policies (Continued)**

K. Accrued Liabilities and Long-Term Obligations

In general, governmental payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions are reported as a liability in the general long-term obligation account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than 60 days after year end are considered not to have been paid with current available financial resources.

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

L. Interfund Transactions

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

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

M. Fund Equity Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, taxes, textbooks and materials, capital improvements and budget stabilization. The reserve for taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve budget for stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

During the fiscal year ended June 30, 2001, contributed capital decreased by \$10,799 due to a change in the capitalization limit for GAAP purposes.

O. 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.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 2 - Summary of Significant Accounting Policies (Continued)**

P. Total Columns on General Purpose Financial Statements

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

**Note 3 - Budgetary Basis of Accounting**

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

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$( 63,565)	\$ 5,924	\$ 150,883
Net Adjustment for Revenue Accruals	51,801	19,190	3,228
Net Adjustment for Expenditure Accruals	48,209	5,045	6,010
Adjustment for Encumbrances	<u>(16,667)</u>	<u>( 7,386)</u>	<u>(5,922)</u>
Budget Basis	<u>\$ 19,778</u>	<u>\$ 22,773</u>	<u>\$ 154,199</u>

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 3 - Budgetary Basis of Accounting (Continued)**

	Net Income/Excess of Revenues Over Expenses Enterprise Fund
GAAP Basis	\$ 3,465
Net Adjustment for Expense Accruals	(488)
Depreciation Expense	<u>2,276</u>
Budget Basis	<u>\$ 5,253</u>

**Note 4 - Accountability and Compliance**

The enterprise fund had deficit retained earnings at June 30, 2001:

	<u>Deficit Retained Earnings</u>
Enterprise Fund:	
Food Service Fund	\$ 64,601

The food service fund concluded fiscal year 2001 with deficit retained earnings of (\$64,601) compared to (\$78,865) at the end of fiscal year 2000. Management is analyzing the food service operations to determine appropriate action to alleviate the deficit.

**Note 5 - Cash and Cash Equivalents**

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

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

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

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

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as a 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 are to 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 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;

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 5 - Cash and Cash Equivalents (Continued)**

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 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 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; and,
6. The State Treasurer's investment pool (STAR Ohio);

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 of 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 custodial credit risk as defined in GASB Statement 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, including segregated accounts, was \$959,659 and the bank balance was \$1,112,528. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$912,528 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the School District's deposits 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 custodial credit 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, and had a carrying amount and fair value of \$627,139 at June 30, 2001.

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 Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 5 - Cash and Cash Equivalents (Continued)**

Investments : (Continued)

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,586,798	\$ 0
STAROhio	<u>( 627,139)</u>	<u>627,139</u>
GASB Statement No. 3	<u>\$ 959,659</u>	<u>\$ 627,139</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 distributions occur in a new fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every 6 years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Tuscarawas 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, 2001, are available to finance fiscal year 2002 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, 2001. 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, 2001, was \$342,702 to the general fund and \$15,079 to the permanent improvement capital projects fund.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 6 - Property Taxes (Continued)**

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

	<u>First Half Collections</u>		<u>Second Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential & Other Real Estate	\$ 47,886,740	88.7%	\$ 48,931,070	87.8%
Public Utility Personal	2,748,810	5.1%	2,636,380	4.7%
Tangible Personal Property	<u>3,343,440</u>	<u>6.2%</u>	<u>4,141,260</u>	<u>7.5%</u>
	<u>\$ 53,978,990</u>	<u>100.0%</u>	<u>\$55,708,710</u>	<u>100.0%</u>
Tax rate per \$1,000 of assessed valuation		\$25.29		\$25.29

**Note 7 - Receivables**

Receivables at June 30, 2001, consisted of taxes, intergovernmental receivables, accounts receivable and accrued interest. 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 consisted of reimbursement of summer school teacher salaries.

**Note 8 - Jointly Governed Organizations and Insurance Purchasing Pool**

A. Jointly Governed Organizations

The Ohio Mid-Eastern Regional Educational Services Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State Statutes (Section 3301.075). OME-RESA provides computerized financial accounting services, educational management information system, cooperative purchasing services and legal services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by the member districts. Each district has one vote in all matters and each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no measurable equity interest exists.

The Buckeye Career Center, a joint vocational school, is a jointly governed organization providing vocational services to its 11 member school districts. The Career Center is governed by a board of education comprised of 11 members appointed by the participating school districts. The board controls the financial activity of the Career Center. The continued existence of the Career Center is not dependent on the District's continued participation and no equity interest exists.

The Strasburg Enterprise Zone Committee is a jointly governed organization created as a regional council of governments pursuant to State Statutes. The Enterprise Zone Committee has seven members, consisting of three members appointed by Strasburg Village Council, the Mayor of the Village, two business people, and one member appointed by the Strasburg-Franklin Local Board of Education. The committee has the authority to negotiate tax abatement agreements with current and prospective businesses located in the Enterprise Zone. There is no cost associated with being a member of this committee. The continued existence of this committee is not dependant upon the School District's continued participation and no equity interest exists.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 8 - Jointly Governed Organizations and Insurance Purchasing Pool (Continued)**

A. Jointly Governed Organizations (Continued)

The Tuscarawas County Tax Incentive Review Council (TCTIRC) is a jointly governed organization, created as a regional council of governments pursuant to State Statutes. TCTIRC has 22 members, consisting of three members appointed by the County Commissioners, four members appointed by municipal corporations, six members appointed by township trustees, one member from the Tuscarawas County auditor's office and eight members appointed by boards of education located within Tuscarawas County. TCTIRC reviews and evaluates the performance of each Enterprise Zone Agreement. This body is advisory in nature and cannot directly impact an existing Enterprise Zone Agreement; however, the council can make written recommendations to the legislative authority that approved the agreement. There is no cost associated with being a member of this council. The continued existence of the TCTIRC is not dependant on the School District's continued participation and no equity interest exists.

B. Insurance Purchasing Pool

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

**Note 9 - Fixed Assets**

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

Furniture and Equipment	\$ 60,615
Less: Accumulated Depreciation	<u>(42,696)</u>
Net Fixed Assets	<u>\$ 17,919</u>

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Restatement</u>	<u>Balance</u> <u>June 30, 2001</u>
Land & Improvements	\$ 12,320	\$ 0	\$ 0	\$ 0	\$ 12,320
Buildings	1,354,097	0	0	0	1,354,097
Furniture & Equipment	1,363,286	91,820	8,267	154,322	1,292,517
Vehicles	<u>410,827</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>410,827</u>
Total	<u>\$3,140,530</u>	<u>\$ 91,820</u>	<u>\$ 8,267</u>	<u>\$ 154,322</u>	<u>\$3,069,761</u>

At July 1, 2000, the District changed its capitalization limit from \$250 to \$500 for GAAP purposes. This change resulted in the decrease of GFAAG Fixed Assets by \$154,322 and the decrease in Enterprise Fund Fixed Assets by \$10,799.

There was no significant construction in progress at June 30, 2001.



**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Indiana Insurance Company for property insurance. Indiana Insurance Company also covers boiler and machinery with a \$1,000 deductible and inland marine coverage with a \$500 deductible.

Professional and general liability is protected by the Nationwide Insurance Company with a \$5,000,000 aggregate/\$1,000,000 single occurrence limit and a \$3,000 deductible. Vehicles are covered by Nationwide Insurance Company and hold a \$100 deductible for comprehensive and \$1,000 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reductions in insurance coverage from last year.

For the fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 8). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 11 - Defined Benefit Pension Plan**

A. State Teachers Retirement System

The School District participates in 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. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions to STRS for the fiscal years ending June 30, 2001, 2000 and 1999 were \$180,773, \$100,630, and \$95,554, respectively; 83.3 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$30,129 represents the unpaid contribution for fiscal year 2001, and is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 11 - Defined Benefit Pension Plan (Continued)**

B. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for the fiscal year 2001, 4.2 percent of annual covered salary was the portion to fund pension obligations. For the fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ending June 30, 2001, 2000 and 1999 were \$19,299, \$22,931 and \$31,353, respectively; 51.5 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$9,360, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one of the board of education members has 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 classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$85,629 during fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 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 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 8.5 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund healthcare benefits, including surcharge, equaled \$44,274 during the 2001 fiscal year.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 12 - Postemployment Benefits (Continued)**

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

**Note 13 - Other Employee Benefits**

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. The Superintendent and eleven and twelve month classified employees earn 10 to 25 days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and principals do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 200 days for certified employees and 196 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulated, up to a maximum of 48 days for certified employees and a maximum of 44 days for classified employees. Any employee receiving such payment must meet the retirement provisions set by STRS or SERS.

B. Insurances

The School District has elected to provide employee medical/surgical benefits through a comprehensive major medical insurance program. The plan provides a medical/surgical plan with a \$400 family and a \$200 single deductible. Dental coverage is also provided through Mutual Health Services Company. Deductibles for this plan are \$25 for an individual, with a \$75 maximum family deductible. The School District also provides \$15,000 in life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Co.

**Note 14 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	<u>Outstanding June 30, 2000</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding June 30, 2001</u>
<u>General Long-Term Obligations Account Group</u>				
Compensated Absences	\$243,077	\$ 9,486	\$ 0	\$ 252,563
Intergovernmental Payable	<u>16,534</u>	<u>18,223</u>	<u>16,534</u>	<u>18,223</u>
Total	<u>\$ 259,611</u>	<u>\$ 27,709</u>	<u>\$ 16,534</u>	<u>\$ 270,786</u>

Compensated absences will be paid from the fund from which the employee's salary is paid. The intergovernmental payable represents contractually required pension obligations paid outside the available period and will be paid from the fund from which the employee's salary is paid.

The School District's overall legal debt margin was \$5,013,784, with an unvoted debt margin of \$55,709 at June 30, 2001.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

**Note 15 - 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, 2001.

B. Litigation

The School District is not party to any legal proceedings.

**Note 16 - Set-Aside Calculations and Fund Reserves**

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

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

	<u>Textbook</u>	<u>Capital Improvement</u>	<u>Budget Stabilization</u>
<u>Set Aside Reserve</u>			
Balance as of June 30, 2000	\$ 4,258	\$ (2,009)	\$ 72,769
Current year set-aside requirement	80,102	80,102	0
Reduction Authorized by Legislative Revisions	0	0	(55,748)
Qualifying disbursements	( 88,763)	(28,434)	0
Offsets for the current year	<u>( 0)</u>	<u>(59,940)</u>	<u>0</u>
Set aside balance carried forward to Future fiscal years	<u><u>\$(4,403)</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 17,021</u></u>
Required set aside reserve balance as of June 30, 2001	<u><u>\$ 0</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 17,021</u></u>

The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvements set-aside amounts below zero. This extra amount may be used to reduce the set-aside requirement of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amounts 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 \$17,021.

**Strasburg-Franklin Local School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2001  
(Continued)

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**Note 17 – Subsequent Event (State School Funding Decision)**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 20, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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

Strasburg-Franklin Local School District  
Tuscarawas County  
140 North Bodmer Avenue  
Strasburg, Ohio 44680

To the Board of Education:

We have audited the financial statements of Strasburg-Franklin Local School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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 November 2, 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 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.

Strasburg-Franklin Local School District  
Tuscarawas County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 2, 2001.

This report is intended for the information and use of management and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

November 2, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**STRASBURG-FRANKLIN LOCAL SCHOOL DISTRICT**

**TUSCARAWAS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 11, 2001**