



**Auditor of State  
Betty Montgomery**



**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

Board of Education  
Ledgemont Local School District  
Geauga County  
16200 Burrows Road  
Thompson, Ohio 44086

We have audited the accompanying general-purpose financial statements of the Ledgemont Local School District, Geauga County, Ohio, (the District) as of and for the years ended June 30, 2002 and 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 audits.

We conducted our audits 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 audits 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 audits provide 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 Ledgemont Local School District, Geauga County, Ohio, as of June 30, 2002 and June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the years 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 February 27, 2003 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 audits.

A handwritten signature in cursive script that reads "Betty Montgomery".

**Betty Montgomery**  
Auditor of State

February 27, 2003

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**Ledgemont Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 2002*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$963,687	\$192,741	\$309,949	\$29,882
Receivables:				
Taxes	2,261,972	34,942	59,959	0
Accounts	0	112	0	0
Accrued Interest	938	0	0	0
Intergovernmental Receivable	4,821	45,244	18	0
Interfund Receivable	10,268	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	18,681	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	92,642	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u>\$3,353,009</u></b>	<b><u>\$273,039</u></b>	<b><u>\$369,926</u></b>	<b><u>\$29,882</u></b>

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			
\$36,806	\$26,327	\$0	\$0	\$1,559,392
0	0	0	0	2,356,873
131	0	0	0	243
0	0	0	0	938
5,557	0	0	0	55,640
0	0	0	0	10,268
1,567	0	0	0	1,567
474	0	0	0	19,155
0	0	0	0	92,642
4,363	0	1,806,475	0	1,810,838
0	0	0	314,267	314,267
0	0	0	251,034	251,034
<u>\$48,898</u>	<u>\$26,327</u>	<u>\$1,806,475</u>	<u>\$565,301</u>	<u>\$6,472,857</u>

(continued)

**Ledgemont Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2002*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>				
<b><i>Liabilities</i></b>				
Accounts Payable	\$28,634	\$5,658	\$0	\$8,330
Accrued Wages and Benefits	341,209	7,739	0	0
Compensated Absences Payable	11,644	0	0	0
Interfund Payable	0	10,268	0	0
Intergovernmental Payable	86,390	710	0	0
Deferred Revenue	2,052,791	76,254	55,659	0
Due to Students	0	0	0	0
Accrued Interest Payable	0	0	0	100
Notes Payable	0	0	0	20,000
General Obligation Bonds Payable	0	0	0	0
<b><i>Total Liabilities</i></b>	<b><u>2,520,668</u></b>	<b><u>100,629</u></b>	<b><u>55,659</u></b>	<b><u>28,430</u></b>
<b><i>Fund Equity and Other Credits</i></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	246,705	12,303	0	514
Reserved for Inventory	18,681	0	0	0
Reserved for Budget Stabilization	23,784	0	0	0
Reserved for Capital Improvements	55,322	0	0	0
Reserved for Bus Purchases	13,536	0	0	0
Reserved for Property Taxes	145,800	2,200	4,300	0
Unreserved, Undesignated	328,513	157,907	309,967	938
<b><i>Total Fund Equity and Other Credits</i></b>	<b><u>832,341</u></b>	<b><u>172,410</u></b>	<b><u>314,267</u></b>	<b><u>1,452</u></b>
<b><i>Total Liabilities, Fund Equity and Other Credits</i></b>	<b><u>\$3,353,009</u></b>	<b><u>\$273,039</u></b>	<b><u>\$369,926</u></b>	<b><u>\$29,882</u></b>

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			
\$1,314	\$0	\$0	\$0	\$43,936
6,033	0	0	0	354,981
1,048	0	0	297,730	310,422
0	0	0	0	10,268
6,983	0	0	47,571	141,654
0	0	0	0	2,184,704
0	26,327	0	0	26,327
0	0	0	0	100
0	0	0	0	20,000
0	0	0	220,000	220,000
<u>15,378</u>	<u>26,327</u>	<u>0</u>	<u>565,301</u>	<u>3,312,392</u>
0	0	1,806,475	0	1,806,475
469	0	0	0	469
33,051	0	0	0	33,051
0	0	0	0	259,522
0	0	0	0	18,681
0	0	0	0	23,784
0	0	0	0	55,322
0	0	0	0	13,536
0	0	0	0	152,300
0	0	0	0	797,325
<u>33,520</u>	<u>0</u>	<u>1,806,475</u>	<u>0</u>	<u>3,160,465</u>
<u>\$48,898</u>	<u>\$26,327</u>	<u>\$1,806,475</u>	<u>\$565,301</u>	<u>\$6,472,857</u>

**Ledgemont Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002*

	General	Special Revenue
<b>Revenues</b>		
Taxes	\$2,199,128	\$34,888
Income Tax	82,255	0
Intergovernmental	2,503,123	119,043
Interest	37,515	553
Tuition and Fees	235,135	0
Extracurricular Activities	0	65,637
Contributions and Donations	726	13,693
Charges for Services	10,500	0
Rentals	12,100	0
Miscellaneous	7,265	646
	<u>5,087,747</u>	<u>234,460</u>
<i>Total Revenues</i>		
<b>Expenditures</b>		
Current:		
Instruction:		
Regular	2,253,176	57,206
Special	644,437	65,483
Vocational	134,962	0
Support Services:		
Pupils	99,369	0
Instructional Services	141,246	18,504
Board of Education	17,059	0
Administration	376,727	36,447
Fiscal	177,720	613
Operation and Maintenance of Plant	484,968	12,190
Pupil Transportation	461,515	0
Central	0	11,178
Operation of Non-Instructional Services	0	7,663
Extracurricular Activities	73,973	20,964
Capital Outlay	0	0
Debt Service:		
Principal Retirement	0	0
Interest and Fiscal Charges	0	0
	<u>4,865,152</u>	<u>230,248</u>
<i>Total Expenditures</i>		
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>222,595</u>	<u>4,212</u>
<b>Other Financing Sources (Uses)</b>		
Sale of Fixed Assets	2,887	0
Operating Transfers In	0	9,455
Operating Transfers Out	(8,657)	(798)
	<u>(5,770)</u>	<u>8,657</u>
<i>Total Other Financing Sources (Uses)</i>		
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>216,825</u>	<u>12,869</u>
<i>Fund Balances (Deficit) Beginning of Year</i>	622,285	159,541
Decrease in Reserve for Inventory	(6,769)	0
<i>Fund Balances End of Year</i>	<u>\$832,341</u>	<u>\$172,410</u>

See accompanying notes to the general purpose financial statements

Debt Service	Capital Projects	Totals (Memorandum Only)
\$62,669	\$22,400	\$2,319,085
0	0	82,255
7,682	16,138	2,645,986
0	0	38,068
0	0	235,135
0	0	65,637
0	0	14,419
0	0	10,500
0	0	12,100
0	0	7,911
<u>70,351</u>	<u>38,538</u>	<u>5,431,096</u>
0	0	2,310,382
0	0	709,920
0	0	134,962
0	0	99,369
0	0	159,750
0	0	17,059
0	0	413,174
0	0	178,333
0	0	497,158
0	0	461,515
0	0	11,178
0	0	7,663
0	0	94,937
0	19,936	19,936
55,000	0	55,000
<u>35,864</u>	<u>2,300</u>	<u>38,164</u>
<u>90,864</u>	<u>22,236</u>	<u>5,208,500</u>
<u>(20,513)</u>	<u>16,302</u>	<u>222,596</u>
0	0	2,887
0	0	9,455
<u>0</u>	<u>0</u>	<u>(9,455)</u>
<u>0</u>	<u>0</u>	<u>2,887</u>
(20,513)	16,302	225,483
334,780	(14,850)	1,101,756
<u>0</u>	<u>0</u>	<u>(6,769)</u>
<u>\$314,267</u>	<u>\$1,452</u>	<u>\$1,320,470</u>

**Ledgemont Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002*

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$2,281,129	\$2,281,129	\$0
Income Tax	18,874	18,874	0
Intergovernmental	2,450,497	2,540,951	90,454
Interest	38,925	38,925	0
Tuition and Fees	235,190	235,190	0
Extracurricular Activities	0	0	0
Contributions and Donations	726	726	0
Charges for Services	10,500	10,500	0
Rentals	12,100	12,100	0
Miscellaneous	7,265	7,265	0
<i>Total Revenues</i>	<u>5,055,206</u>	<u>5,145,660</u>	<u>90,454</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	2,666,879	2,214,872	452,007
Special	799,674	798,791	883
Vocational	135,599	127,199	8,400
Support Services:			
Pupils	97,404	97,404	0
Instructional Staff	142,291	141,889	402
Board of Education	21,321	21,186	135
Administration	392,668	391,969	699
Fiscal	181,885	179,743	2,142
Operation and Maintenance of Plant	545,597	533,818	11,779
Pupil Transportation	488,087	483,230	4,857
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	77,758	73,626	4,132
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>5,549,163</u>	<u>5,063,727</u>	<u>485,436</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(493,957)</u>	<u>81,933</u>	<u>575,890</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	2,887	2,887	0
Advances In	0	0	0
Advances Out	(10,268)	(10,268)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(9,000)	(8,657)	343
<i>Total Other Financing Sources (Uses)</i>	<u>(16,381)</u>	<u>(16,038)</u>	<u>343</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(510,338)</u>	<u>65,895</u>	<u>576,233</u>
<i>Fund Balances Beginning of Year</i>	571,380	571,380	0
Prior Year Encumbrances Appropriated	168,022	168,022	0
<i>Fund Balances End of Year</i>	<u>\$229,064</u>	<u>\$805,297</u>	<u>\$576,233</u>

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$31,096	\$32,688	\$1,592	\$86,137	\$87,669	\$1,532
0	0	0	0	0	0
153,105	147,832	(5,273)	7,664	7,664	0
553	553	0	0	0	0
0	0	0	0	0	0
67,537	65,797	(1,740)	0	0	0
13,668	13,693	25	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
534	534	0	0	0	0
<u>266,493</u>	<u>261,097</u>	<u>(5,396)</u>	<u>93,801</u>	<u>95,333</u>	<u>1,532</u>
96,743	79,642	17,101	0	0	0
91,077	65,132	25,945	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
18,925	18,449	476	0	0	0
0	0	0	0	0	0
38,896	36,383	2,513	0	0	0
68,000	613	67,387	0	0	0
12,390	12,190	200	0	0	0
0	0	0	0	0	0
15,586	11,114	4,472	0	0	0
8,472	8,472	0	0	0	0
31,047	27,242	3,805	0	0	0
0	0	0	90,000	75,000	15,000
0	0	0	164,638	38,264	126,374
<u>381,136</u>	<u>259,237</u>	<u>121,899</u>	<u>254,638</u>	<u>113,264</u>	<u>141,374</u>
<u>(114,643)</u>	<u>1,860</u>	<u>116,503</u>	<u>(160,837)</u>	<u>(17,931)</u>	<u>142,906</u>
0	0	0	0	0	0
20,000	10,268	(9,732)	0	0	0
0	0	0	0	0	0
9,500	9,455	(45)	0	0	0
(798)	(798)	0	0	0	0
<u>28,702</u>	<u>18,925</u>	<u>(9,777)</u>	<u>0</u>	<u>0</u>	<u>0</u>
(85,941)	20,785	106,726	(160,837)	(17,931)	142,906
136,693	136,693	0	287,530	287,530	0
18,404	18,404	0	40,350	40,350	0
<u>\$69,156</u>	<u>\$175,882</u>	<u>\$106,726</u>	<u>\$167,043</u>	<u>\$309,949</u>	<u>\$142,906</u>

(continued)

**Ledgemont Local School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2002*

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Income Tax	0	0	0
Intergovernmental	16,138	16,138	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>16,138</u>	<u>16,138</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	31,439	19,578	11,861
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Services	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	158	0	158
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>31,597</u>	<u>19,578</u>	<u>12,019</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(15,459)</u>	<u>(3,440)</u>	<u>12,019</u>
<b>Other Financing Sources</b>			
Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(15,459)</u>	<u>(3,440)</u>	<u>12,019</u>
<i>Fund Balances Beginning of Year</i>	25,364	25,364	0
<i>Prior Year Encumbrances Appropriated</i>	<u>138</u>	<u>138</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$10,043</u>	<u>\$22,062</u>	<u>\$12,019</u>

See accompanying notes to the general purpose financial statements



Totals  
(Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,398,362	\$2,401,486	\$3,124
18,874	18,874	0
2,627,404	2,712,585	85,181
39,478	39,478	0
235,190	235,190	0
67,537	65,797	(1,740)
14,394	14,419	25
10,500	10,500	0
12,100	12,100	0
7,799	7,799	0
<u>5,431,638</u>	<u>5,518,228</u>	<u>86,590</u>
2,795,061	2,314,092	480,969
890,751	863,923	26,828
135,599	127,199	8,400
97,404	97,404	0
161,216	160,338	878
21,321	21,186	135
431,564	428,352	3,212
249,885	180,356	69,529
557,987	546,008	11,979
488,245	483,230	5,015
15,586	11,114	4,472
8,472	8,472	0
108,805	100,868	7,937
90,000	75,000	15,000
<u>164,638</u>	<u>38,264</u>	<u>126,374</u>
<u>6,216,534</u>	<u>5,455,806</u>	<u>760,728</u>
<u>(784,896)</u>	<u>62,422</u>	<u>847,318</u>
2,887	2,887	0
20,000	10,268	(9,732)
(10,268)	(10,268)	0
9,500	9,455	(45)
<u>(9,798)</u>	<u>(9,455)</u>	<u>343</u>
<u>12,321</u>	<u>2,887</u>	<u>(9,434)</u>
(772,575)	65,309	837,884
1,020,967	1,020,967	0
<u>226,914</u>	<u>226,914</u>	<u>0</u>
<u>\$475,306</u>	<u>\$1,313,190</u>	<u>\$837,884</u>

**Ledgemont Local School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity*  
*Proprietary Fund Type*  
For the Fiscal Year Ended June 30, 2002

	Enterprise
<b>Operating Revenues</b>	
Sales	\$119,490
<b>Operating Expenses</b>	
Salaries and Wages	52,713
Fringe Benefits	16,439
Purchased Services	2,438
Cost of Sales	75,679
Depreciation	123
<i>Total Operating Expenses</i>	147,392
<i>Operating Loss</i>	(27,902)
<b>Non-Operating Revenues</b>	
Federal Donated Commodities	12,228
Operating Grants	39,942
<i>Total Non-Operating Revenues</i>	52,170
<i>Net Income</i>	24,268
<i>Retained Earnings Beginning of Year</i>	8,783
<i>Retained Earnings End of Year</i>	33,051
Contributed Capital Beginning and End of Year	469
<i>Total Fund Equity End of Year</i>	\$33,520

See accompanying notes to the general purpose financial statements

**Ledgemont Local School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2002*

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Sales	\$119,360	\$119,360	\$0
Operating Grants	34,385	34,385	0
<i>Total Revenues</i>	<u>153,745</u>	<u>153,745</u>	<u>0</u>
<b>Expenses</b>			
Salaries and Wages	50,667	50,667	0
Fringe Benefits	14,817	14,799	18
Purchased Services	3,155	2,971	184
Materials and Supplies	78,400	69,460	8,940
Capital Outlay	2,793	2,793	0
<i>Total Expenses</i>	<u>149,832</u>	<u>140,690</u>	<u>9,142</u>
<i>Excess of Revenues Over Expenses</i>	3,913	13,055	9,142
<i>Fund Equity Beginning of Year</i>	13,687	13,687	0
Prior Year Encumbrances Appropriated	<u>7,981</u>	<u>7,981</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$25,581</u></u>	<u><u>\$34,723</u></u>	<u><u>\$9,142</u></u>

See accompanying notes to the general purpose financial statements

**Ledgemont Local School District**  
*Combined Statement of Cash Flows*  
*Proprietary Fund Type*  
*For the Fiscal Year Ended June 30, 2002*

	Enterprise
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$119,360
Cash Payments for Goods and Services	(70,345)
Cash Payments to Employees for Services and Benefits	(65,466)
	(16,451)
<b><i>Net Cash Used for Operating Activities</i></b>	
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	34,385
<b>Cash Flows from Capital and Related Financing Activities</b>	
Purchase of Fixed Assets	(2,793)
	15,141
<b><i>Net Increase in Cash and Cash Equivalents</i></b>	
<i>Cash and Cash Equivalents Beginning of Year</i>	21,664
<i>Cash and Cash Equivalents End of Year</i>	\$36,805
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$27,902)
<b>Adjustments</b>	
Depreciation	123
Donated Commodities Used During Year	11,323
<i>(Increase) Decrease in Assets</i>	
Accounts Receivable	(131)
Materials and Supplies Inventory	(48)
Inventory Held for Resale	121
<i>Increase (Decrease) in Liabilities</i>	
Accounts Payable	(3,624)
Accrued Wages and Benefits	2,047
Compensated Absences Payable	52
Intergovernmental Payable	1,588
	11,451
<i>Total Adjustments</i>	11,451
<i>Net Cash Used for Operating Activities</i>	(\$16,451)

**Non-Cash Non-Capital Activity:**

Federal donated commodities in the amount of \$12,228 were recorded as revenue when received.

See accompanying notes to the general purpose financial statements

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

The School District operates under a locally-elected five-member Board form of government. Each member is elected to a four year term. The School District provides educational services as authorized by State and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 38 classified employees, 53 certificated full-time and part-time teaching personnel, and 4 administrators who provide services to 752 students and other community members.

On April 11, 2002, the Auditor of State released the district from "fiscal emergency" and upgraded its financial status to "fiscal watch". At the time of termination of the Commission, an effective financial accounting and reporting system has not been fully implemented. Section 3316.16(E), Revised Code, requires the Auditor of State to monitor the progress of implementation and exercise authority under this section and Chapter 117, Revised Code, to secure full implementation within two years.

***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 are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Ledgemont Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in five jointly governed organizations. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Auburn Career Center, East Shore Regional Transportation System and East Shore Center. These organizations are presented in Note 17 to the general purpose financial statements.

**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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

***A. Basis Of Presentation - Fund Accounting***

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

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

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

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

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

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

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

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

***Proprietary Fund Types*** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The School District has only enterprise type proprietary funds.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

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

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

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

**B. Measurement Focus and Basis of Accounting**

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets. All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

**Revenue Recognition** Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, income taxes, grants, entitlements and donations. On an accrual basis, revenue from income taxes are recognized in the period in which the exchange on which the tax is imposed takes place. Revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 7). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

***Deferred Revenue*** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue.

***Expenditures/Expenses*** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

***C. Budgetary Data***

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



**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual 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 a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***D. Cash and Cash Equivalents***

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

During fiscal year 2002 investments were limited to STAROhio, certificates of deposit and repurchase agreements. Non-negotiable certificates of deposits and repurchase agreements 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, 2002.

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 2002 amounted to \$37,515 which includes \$13,174 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.

***E. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

***F. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenue for the purchase of buses and amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and the unspent workers' compensation monies required to be maintained for budget stabilization. See Note 18 for additional information regarding set-asides.

***G. Fixed Assets and Depreciation***

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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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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 equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from 8 to 20 years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. Interfund Assets/Liabilities***

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

***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. 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 termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

***J. Accrued Liabilities and Long-Term Obligations***

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

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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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Under Ohio law, a debt service fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***K. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

***L. Fund Balance Reserves***

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents unspent workers' compensation monies.

***M. Contributed Capital***

Contributed capital in the proprietary funds represents resources received prior to fiscal year 2002, from other funds, other governments and private sources to enterprise funds that are not subject to repayment. In fiscal year 2002, the School District had no capital contributions.

***N. 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.

***O. Memorandum Only - Totals Columns***

Total columns on the general purpose financial statements are captioned "Total - (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 the aggregation of this data.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 3 – Accountability and Compliance**

**A. Fund Deficits**

Fund balances at June 30, 2002, included the following fund deficits:

<b>Special Revenue Funds</b>	
Management Information Systems	\$72
Ohio Reads	34
Title VI-B	10,372

The deficit in the special revenue funds resulted from accrual accounting. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**B. Compliance**

As of January 31, 2002, the following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Revenues plus Carryover Balance	Appropriations	Excess
<b>Special Revenue Funds</b>			
Public School Support	\$33,949	\$34,573	\$624
Career Grant	665	785	120
Athletics and Music	29,721	33,396	3,675
Teacher Development	82	408	326
Excellence in Education	0	699	699
Ohio Reads	3,000	4,037	1,037
Title II	0	18,843	18,843
Title VI-B	4,421	4,831	410
Title I	79,196	79,342	146
Title VI	3,771	4,798	1,027
<b>Capital Projects Fund</b>			
School Net Plus	23,563	23,701	138
<b>Enterprise Funds</b>			
Food Service	112,252	118,132	5,880
Uniform School Supplies	11,430	13,504	2,074

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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Contrary to Section 5705.41(B) and (D), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations as of January 31, 2002:

Fund/Function/Object	Appropriations	Expenditures Plus Encumbrances	Excess
<b>Special Revenue Funds</b>			
Teacher Development			
Support Services			
Instructional Staff			
Salaries	\$408	\$2,826	\$2,418
Management Information Systems			
Support Services			
Instructional Staff			
Salaries	1,134	1,315	181
Title II			
Instruction			
Regular			
Purchased Services	0	750	750
Title VI-B			
Support Services			
Administration			
Salaries	21,292	26,024	4,732
Title I			
Instruction			
Special			
Salaries	35,291	39,575	4,284

At June 30, 2002, the following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Revenues Plus Carryover Balance	Appropriations	Excess
<i>Special Revenue Funds:</i>			
Ohio Reads	\$17,000	\$17,007	\$7
Excellence in Education	0	699	699

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 4 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Proceeds from principal payment on revenue and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

Net Income/Excess of Revenues Over Expenses  
 Proprietary Fund Type

	Enterprise
GAAP Basis	\$24,268
Revenue Accruals	(17,915)
Expense Accruals	11,459
Depreciation Expense	123
Capital Outlay	(2,793)
Encumbrances	(2,087)
Budget Basis	\$13,055



**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$216,825	\$12,869	(\$20,513)	\$16,302
Revenue Accruals	57,913	26,637	2,582	0
Advances In	0	10,268	0	0
Expenditure Accruals	52,457	(12,129)	0	(11,922)
Advances Out	(10,268)	0	0	0
Reclassification of Debt				
Taxes	0	0	22,400	(22,400)
Principal Retirement	0	0	(20,000)	20,000
Interest and Fiscal Charges	0	0	(2,400)	2,400
Encumbrances	(251,032)	(16,860)	0	(7,820)
Budget Basis	<u>\$65,895</u>	<u>\$20,785</u>	<u>(\$17,931)</u>	<u>(\$3,440)</u>

**Note 5 - Deposits and Investments**

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

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

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

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

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

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

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



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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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$1,456,846 and the bank balance was \$1,638,351. \$100,000 of the bank balance was covered by federal depository insurance. \$1,538,351 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**Investments** The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are

**Ledgemont Local School District**  
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held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District invests in STAROhio, the State Treasurer's Investment Pool, which is not classified by degree of credit risk since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$69,868	\$69,868	\$69,868
STAROhio		125,320	125,320
Totals		\$195,188	\$195,188

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

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$1,652,034	\$0
Investments:		
Repurchase Agreements	(69,868)	69,868
STAROhio	(125,320)	125,320
<i>GASB Statement No. 3</i>	\$1,456,846	\$195,188

**Note 6 - Receivables**

Receivables at June 30, 2002, consisted of property taxes, income taxes, accounts (rent, billings for user charged services, and tuition and fees), interfund, interest and intergovernmental grants. All receivables are considered collectible in full.

The principal intergovernmental receivables were:

<b>Intergovernmental Receivable</b>	<b>Amount</b>
General Fund:	
Refunds	\$1,078
Excess Costs	3,743
<i>Total General Fund</i>	4,821

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Special Revenue Funds:	
Career Development	\$128
Classroom Facilities Maintenance	1,604
Title VI-B	34,880
Title I	<u>8,632</u>
<i>Total Special Revenue Funds</i>	<u>45,244</u>
Bond Retirement Debt Service Fund	18
Food Service Enterprise Fund	<u>5,557</u>
Total	<u><u>\$55,640</u></u>

**Note 7 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2002 for real and public utility property taxes represents collections of calendar year 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) are for calendar year 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second Half Collections		2002 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$62,279,310	88.22%	\$64,099,450	88.82%
Public Utility	4,091,520	5.80	3,551,830	4.92
Tangible Personal Property	4,223,950	5.98	4,519,890	6.26
Total Assessed Value	<u>\$70,594,780</u>	<u>100.00%</u>	<u>\$72,171,170</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$64.61		\$64.61	

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2002 tangible personal property tax settlement was not received until July of 2002.

The county treasurer collects property taxes on behalf of all taxing districts in the County, including Ledgemont Local School District. 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, 2002 are available to finance fiscal year 2003 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, tangible personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2002, was \$152,300. \$145,800 was available to the general fund, \$2,200 was available to the classroom facilities maintenance special revenue fund and \$4,300 was available to the bond retirement fund.

**Ledgemont Local School District**  
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**Note 8 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Equipment	\$64,615
Accumulated Depreciation	<u>(60,252)</u>
Net Fixed Assets	<u><u>\$4,363</u></u>

A summary of the changes in general fixed assets during fiscal year 2002, follows:

Asset Category	Balance at 6/30/2001	Additions	Deletions	Balance at 6/30/2002
Land	\$63,500	\$0	\$0	\$63,500
Buildings and Improvements	397,540	0	0	397,540
Furniture and Equipment	972,373	18,357	142,021	848,709
Vehicles	474,227	57,022	34,523	496,726
Totals	<u><u>\$1,907,640</u></u>	<u><u>\$75,379</u></u>	<u><u>\$176,544</u></u>	<u><u>\$1,806,475</u></u>

**Note 9 - Interfund Transactions**

Interfund balances at June 30, 2002, consist of an interfund receivable of \$10,268 in the general fund and an interfund payable of \$10,268 in the title VI-B special revenue fund.

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2002, the School District contracted with Indiana Insurance Company, Ohio Casualty Insurance, Travelers Insurance, Marsh/Coregis Insurance, and Great American Alliance Insurance Company. Coverage is as follows:

Company	Type of Coverage	Coverage Amount
Indiana Insurance Company	Building and Contents - replacement cost	\$12,190,599
	Extra Expense Coverage	1,000,000
	Valuable Papers	100,000
	Inland Marine Coverage	628,914
Ohio Casualty Insurance	Crime Insurance	260,000

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Company	Type of Coverage	Coverage Amount
Travelers Insurance Company	Boiler and Machinery	\$30,000,000
	Consequential Loss	50,000
	Expediting Expenses	100,000
	Hazardous Substance	100,000
	Ammonia Contamination	100,000
	Water Damage	100,000
	Media	100,000
	Off Premises Service Interruption	500,000
	Ordinance or Law	1,000,000
Marsh/Coregis	Automobile Liability	
	Uninsured Motorist	1,000,000
	Umbrella (per occurrence)	2,000,000
Great American Alliance Insurance	General Liability	
	Per occurrence	1,000,000
	Total per year	5,000,000

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.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 11 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

***B. Litigation***

The school district is not a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects.

**Ledgemont Local School District**  
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**Note 12 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$31,073, \$29,979, and \$58,725 respectively; 49.29 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$15,757 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$194,434, \$189,525 and \$135,583 respectively; 83.25 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$32,569 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

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**Note 13 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, 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 \$92,100 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$84,824.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 14 - Other Employee Benefits**

**A. *Compensated Absences***

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days are credited to classified employees under contract. Accumulated



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unused vacation time is paid to classified employees upon termination of employment, with some restrictions. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can be accumulated is 305.

**B. Insurance**

Medical, surgical, vision and dental insurance is offered to employees through Medical Mutual Insurance Company of Ohio. The traditional plan has a \$100 deductible for single and a \$200 deductible for family. The co-payment is 90/10. The premium for single is \$255.60 and \$649.04 for family. The HMO plan (also offered through Medical Mutual Insurance Company of Ohio) includes prescription coverage and has no deductible. The premium for HMO coverage is \$364.57 for single and \$921.45 for family.

Life insurance is offered to employees through Anthem Life Insurance Company of Columbus, Ohio. The Superintendent receives \$163,000 coverage for \$23.64 per month, administrators, supervisors, certified, custodial and clerical employees receive \$50,000 for \$7.25 per month.

**Note 15 - Note Debt**

The School District's note activity, including amount outstanding and interest rate follow:

	<u>Principal Outstanding 6/30/2001</u>	<u>Additions</u>	<u>Deductions</u>	<u>Principal Outstanding 6/30/2002</u>
Energy Conservation Fund:				
Energy Conservation Note	\$40,000	\$0	\$20,000	\$20,000
1993, 6.0%				

The energy conservation notes were issued for the purpose of energy conservation purchases. These notes were backed by the full faith and credit of the Ledgemont Local School District. The note liability is reflected in the fund which received the proceeds. \$20,000 principal and \$1,200 interest will be paid in fiscal 2003 to retire notes outstanding at June 30, 2002.

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**Note 16 - Long-Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/2001	Additions	Deductions	Principal Outstanding 6/30/2002
General Obligation Bonds:				
Classroom Facilities Bonds 1982, 14.0%	\$275,000	\$0	\$55,000	\$220,000
Compensated Absences	324,418	2,356	29,044	297,730
Pension Obligations	40,092	47,571	40,092	47,571
<i>Total General Long-Term Obligations</i>	<u>\$639,510</u>	<u>\$49,927</u>	<u>\$124,136</u>	<u>\$565,301</u>

The general obligation bonds will be paid from the debt service fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's overall legal debt margin was \$6,809,672 with an unvoted debt margin of \$72,171 at June 30, 2002. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2002 are as follows:

Fiscal Year Ended June 30,	General Obligation Bonds		
	Principal	Interest	Total
2003	\$55,000	\$26,950	\$81,950
2004	55,000	19,250	74,250
2005	55,000	15,400	70,400
2006	55,000	3,850	58,850
Total	<u>\$220,000</u>	<u>\$65,450</u>	<u>\$285,450</u>

**Note 17 - Jointly Governed Organizations**

**Lake Geauga Computer Association** The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. LGCA is

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not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2002, \$79,254 was paid to the Association. This includes payments for prior fiscal years. Financial information can be obtained from: Lake Geauga Computer Association, 8140 Auburn Road, Concord Township, Ohio 44077.

***Ohio Schools' Council*** The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2002, the School District paid \$1,200 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary of the Ohio Schools Council at 6133 Rockside Road, Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

***Ashtabula Joint Vocational School*** The Ashtabula Joint Vocational School is a joint vocational school district which is a jointly governed organization among eleven school districts. Each participating school district appoints one member to the Ashtabula Joint Vocational School's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Ashtabula Joint Vocational School is limited to representation on the board. Continued existence of the Ashtabula Joint Vocational School is not dependent on the School District's continued participation. Financial information can be obtained by writing the Ashtabula Joint Vocational School, 1565 State Rd., Jefferson, Ohio 44047.

***East Shore Regional Transportation System*** The East Shore Regional Transportation System (ESRTA) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. In fiscal year 2002, no fee was paid to the System. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

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**East Shore Center** The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. East Shore Center is not accumulating significant resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. In fiscal year 2002, no fee was paid to the Center. Financial information can be obtained by writing the fiscal agent, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

**Note 18 - Set-Aside Calculations**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Set -aside reserve balance June 30, 2001	(\$68,691)	\$45,524	\$23,784
Current Year Set-aside Requirement	74,366	74,366	0
Qualifying disbursements	<u>(84,679)</u>	<u>(64,568)</u>	<u>0</u>
Balance Carried Forward to Future Fiscal Years	<u>(\$79,004)</u>	<u>\$55,322</u>	<u>\$23,784</u>
Set-aside reserve balance as of June 30, 2002	<u>\$0</u>	<u>\$55,322</u>	<u>\$23,784</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$79,106.

**Note 19 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of lunchroom and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Ledgemont Local School District as of and for the fiscal year ended June 30, 2002.

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	<u>Lunchroom</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$106,447	\$13,043	\$119,490
Depreciation	123	0	123
Operating Income (Loss)	(42,314)	14,412	(27,902)
Donated Commodities	12,228	0	12,228
Operating Grants	39,942	0	39,942
Net Income	9,856	14,412	24,268
Net Working Capital	15,883	13,274	29,157
Total Assets	35,624	13,274	48,898
Total Equity	20,246	13,274	33,520
Encumbrances Outstanding June 30, 2002	2,087	0	2,087

**Note 20 - 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 change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

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. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits</b>				
<b>Assets</b>				
Equity in Pooled Cash and Cash Equivalents	\$660,993	\$164,204	\$327,880	\$25,500
Receivables:				
Taxes	2,322,564	31,200	88,672	0
Accounts	55	160	0	0
Accrued Interest	2,348	0	0	0
Intergovernmental Receivable	42,649	36,778	0	0
Interfund Receivable	9,106	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	25,450	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	69,308	0	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0
<b>Other Debits</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<u>\$3,132,473</u>	<u>\$232,342</u>	<u>\$416,552</u>	<u>\$25,500</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			
\$21,665	\$41,636	\$0	\$0	\$1,241,878
0	0	0	0	2,442,436
0	0	0	0	215
0	0	0	0	2,348
0	0	0	0	79,427
0	0	0	0	9,106
1,688	0	0	0	1,688
426	0	0	0	25,876
0	0	0	0	69,308
1,693	0	1,907,640	0	1,909,333
0	0	0	334,780	334,780
0	0	0	304,730	304,730
<u>\$25,472</u>	<u>\$41,636</u>	<u>\$1,907,640</u>	<u>\$639,510</u>	<u>\$6,421,125</u>

(continued)

**Ledgemont Local School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups (continued)*  
*June 30, 2001*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Liabilities, Fund Equity and Other Credits</b>				
<b>Liabilities</b>				
Accounts Payable	\$12,465	\$17,697	\$0	\$150
Accrued Wages and Benefits	309,931	7,638	0	0
Compensated Absences Payable	8,190	0	0	0
Interfund Payable	0	9,106	0	0
Intergovernmental Payable	84,838	903	0	0
Deferred Revenue	2,094,764	37,457	81,772	0
Due to Students	0	0	0	0
Accrued Interest Payable	0	0	0	200
Notes Payable	0	0	0	40,000
General Obligation Bonds Payable	0	0	0	0
<i>Total Liabilities</i>	2,510,188	72,801	81,772	40,350
<b>Fund Equity and Other Credits</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	157,932	17,382	40,350	138
Reserved for Inventory	25,450	0	0	0
Reserved for Budget Stabilization	23,784	0	0	0
Reserved for Capital Improvements	45,524	0	0	0
Reserved for Property Taxes	227,800	0	6,900	0
Unreserved, Undesignated (Deficit)	141,795	142,159	287,530	(14,988)
<i>Total Fund Equity (Deficit) and Other Credits</i>	622,285	159,541	334,780	(14,850)
<i>Total Liabilities, Fund Equity and Other Credits</i>	\$3,132,473	\$232,342	\$416,552	\$25,500

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			
\$4,938	\$0	\$0	\$0	\$35,250
3,986	0	0	0	321,555
996	0	0	324,418	333,604
0	0	0	0	9,106
5,395	0	0	40,092	131,228
905	0	0	0	2,214,898
0	41,636	0	0	41,636
0	0	0	0	200
0	0	0	0	40,000
0	0	0	275,000	275,000
<u>16,220</u>	<u>41,636</u>	<u>0</u>	<u>639,510</u>	<u>3,402,477</u>
0	0	1,907,640	0	1,907,640
469	0	0	0	469
8,783	0	0	0	8,783
0	0	0	0	215,802
0	0	0	0	25,450
0	0	0	0	23,784
0	0	0	0	45,524
0	0	0	0	234,700
0	0	0	0	556,496
<u>9,252</u>	<u>0</u>	<u>1,907,640</u>	<u>0</u>	<u>3,018,648</u>
<u>\$25,472</u>	<u>\$41,636</u>	<u>\$1,907,640</u>	<u>\$639,510</u>	<u>\$6,421,125</u>

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

	Governmental	
	General	Special Revenue
<b>Revenues</b>		
Taxes	\$2,296,302	\$24,364
Intergovernmental	2,324,739	294,147
Interest	73,635	121
Tuition and Fees	187,755	0
Extracurricular Activities	0	43,668
Contributions and Donations	6,937	21,732
Charges for Services	4,717	0
Rentals	14,525	0
Miscellaneous	31,944	1,204
<i>Total Revenues</i>	<u>4,940,554</u>	<u>385,236</u>
<b>Expenditures</b>		
Current:		
Instruction:		
Regular	1,942,610	158,438
Special	640,333	72,769
Vocational	116,759	0
Support Services:		
Pupils	92,498	0
Instructional Services	83,818	7,295
Board of Education	5,469	0
Administration	377,598	25,075
Fiscal	172,327	276
Operation and Maintenance of Plant	526,381	4,525
Pupil Transportation	460,942	0
Central	0	9,369
Operation of Non-Instructional Services	0	8,184
Extracurricular Activities	61,402	25,529
Capital Outlay	13	0
Debt Service:		
Principal Retirement	9,981	0
Interest and Fiscal Charges	330	0
<i>Total Expenditures</i>	<u>4,490,461</u>	<u>311,460</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>450,093</u>	<u>73,776</u>
<b>Other Financing Sources (Uses)</b>		
Proceeds from Sale of Fixed Assets	2,700	0
Operating Transfers In	0	5,000
Operating Transfers Out	(5,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,300)</u>	<u>5,000</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	447,793	78,776
<i>Fund Balances (Deficit) Beginning of Year</i>	177,684	80,765
Decrease in Reserve for Inventory	(3,192)	0
<i>Fund Balances (Deficit) End of Year</i>	<u>\$622,285</u>	<u>\$159,541</u>

See accompanying notes to the general purpose financial statements

Fund Types		
Debt Service	Capital Projects	Totals (Memorandum Only)
\$63,555	\$0	\$2,384,221
7,473	58,100	2,684,459
0	0	73,756
0	0	187,755
0	0	43,668
0	0	28,669
0	0	4,717
0	0	14,525
0	0	33,148
<u>71,028</u>	<u>58,100</u>	<u>5,454,918</u>
0	0	2,101,048
0	0	713,102
0	0	116,759
0	0	92,498
0	0	91,113
0	0	5,469
0	0	402,673
879	0	173,482
0	0	530,906
0	0	460,942
0	0	9,369
0	0	8,184
0	0	86,931
0	13,955	13,968
55,000	0	64,981
<u>42,350</u>	<u>3,500</u>	<u>46,180</u>
<u>98,229</u>	<u>17,455</u>	<u>4,917,605</u>
<u>(27,201)</u>	<u>40,645</u>	<u>537,313</u>
0	0	2,700
0	0	5,000
<u>0</u>	<u>0</u>	<u>(5,000)</u>
<u>0</u>	<u>0</u>	<u>2,700</u>
(27,201)	40,645	540,013
361,981	(55,495)	564,935
<u>0</u>	<u>0</u>	<u>(3,192)</u>
<u>\$334,780</u>	<u>(\$14,850)</u>	<u>\$1,101,756</u>

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$2,218,402	\$2,218,402	\$0
Intergovernmental	2,221,052	2,282,091	61,039
Interest	78,637	78,638	1
Tuition and Fees	186,566	188,510	1,944
Extracurricular Activities	0	0	0
Contributions and Donations	6,937	6,937	0
Charges for Services	4,649	4,717	68
Rentals	14,525	14,525	0
Miscellaneous	29,924	31,944	2,020
<i>Total Revenues</i>	<u>4,760,692</u>	<u>4,825,764</u>	<u>65,072</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	2,098,720	1,988,515	110,205
Special	661,147	652,445	8,702
Vocational	134,431	125,610	8,821
Support Services:			
Pupils	104,404	100,406	3,998
Instructional Staff	92,152	83,988	8,164
Board of Education	15,033	4,225	10,808
Administration	405,559	382,337	23,222
Fiscal	229,014	195,917	33,097
Operation and Maintenance of Plant	624,551	603,469	21,082
Pupil Transportation	589,995	525,479	64,516
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	66,944	61,666	5,278
Capital Outlay	23,665	5,750	17,915
Debt Service:			
Principal Retirement	4,600	0	4,600
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>5,050,215</u>	<u>4,729,807</u>	<u>320,408</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(289,523)</u>	<u>95,957</u>	<u>385,480</u>
<b>Other Financing Sources (Uses)</b>			
Sale of Fixed Assets	2,700	2,700	0
Operating Transfers In	0	0	0
Operating Transfers Out	(5,000)	(5,000)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(2,300)</u>	<u>(2,300)</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(291,823)</u>	<u>93,657</u>	<u>385,480</u>
<i>Fund Balances Beginning of Year</i>	383,926	383,926	0
Prior Year Encumbrances Appropriated	93,797	93,797	0
<i>Fund Balances End of Year</i>	<u>\$185,900</u>	<u>\$571,380</u>	<u>\$385,480</u>

See accompanying notes to the general purpose financial statements

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$24,364	\$24,363	(\$1)	\$84,055	\$84,055	\$0
275,886	275,975	89	7,426	7,473	47
120	121	1	0	0	0
0	0	0	0	0	0
43,228	43,509	281	0	0	0
22,014	21,732	(282)	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
1,204	1,204	0	0	0	0
<u>366,816</u>	<u>366,904</u>	<u>88</u>	<u>91,481</u>	<u>91,528</u>	<u>47</u>
176,366	170,598	5,768	0	0	0
66,449	58,318	8,131	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
7,650	7,650	0	0	0	0
0	0	0	0	0	0
24,211	30,163	(5,952)	0	0	0
276	276	0	2,152	879	1,273
5,587	4,725	862	0	0	0
0	0	0	0	0	0
8,537	9,403	(866)	0	0	0
12,585	8,422	4,163	0	0	0
32,465	30,114	2,351	0	0	0
0	0	0	0	0	0
0	0	0	137,653	90,000	47,653
0	0	0	72,200	71,300	900
<u>334,126</u>	<u>319,669</u>	<u>14,457</u>	<u>212,005</u>	<u>162,179</u>	<u>49,826</u>
<u>32,690</u>	<u>47,235</u>	<u>14,545</u>	<u>(120,524)</u>	<u>(70,651)</u>	<u>49,873</u>
0	0	0	0	0	0
5,000	5,000	0	0	0	0
0	0	0	0	0	0
<u>5,000</u>	<u>5,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
37,690	52,235	14,545	(120,524)	(70,651)	49,873
59,607	59,607	0	317,831	317,831	0
24,851	24,851	0	40,350	40,350	0
<u>\$122,148</u>	<u>\$136,693</u>	<u>\$14,545</u>	<u>\$237,657</u>	<u>\$287,530</u>	<u>\$49,873</u>

(continued)

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

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Intergovernmental	34,500	34,500	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	0	0	0
Charges for Services	0	0	0
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>34,500</u>	<u>34,500</u>	<u>0</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	23,725	13,941	9,784
Special	0	0	0
Vocational	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Services	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	3,772	0	3,772
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>27,497</u>	<u>13,941</u>	<u>13,556</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>7,003</u>	<u>20,559</u>	<u>13,556</u>
<b>Other Financing Sources</b>			
Sale of Fixed Assets	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	7,003	20,559	13,556
<i>Fund Balances Beginning of Year</i>	4,805	4,805	0
<i>Prior Year Encumbrances Appropriated</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$11,808</u>	<u>\$25,364</u>	<u>\$13,556</u>

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,326,821	\$2,326,820	(\$1)
2,538,864	2,600,039	61,175
78,757	78,759	2
186,566	188,510	1,944
43,228	43,509	281
28,951	28,669	(282)
4,649	4,717	68
14,525	14,525	0
31,128	33,148	2,020
<u>5,253,489</u>	<u>5,318,696</u>	<u>65,207</u>
2,298,811	2,173,054	125,757
727,596	710,763	16,833
134,431	125,610	8,821
104,404	100,406	3,998
99,802	91,638	8,164
15,033	4,225	10,808
429,770	412,500	17,270
231,442	197,072	34,370
633,910	608,194	25,716
589,995	525,479	64,516
8,537	9,403	(866)
12,585	8,422	4,163
99,409	91,780	7,629
23,665	5,750	17,915
142,253	90,000	52,253
72,200	71,300	900
<u>5,623,843</u>	<u>5,225,596</u>	<u>398,247</u>
<u>(370,354)</u>	<u>93,100</u>	<u>463,454</u>
2,700	2,700	0
5,000	5,000	0
<u>(5,000)</u>	<u>(5,000)</u>	<u>0</u>
<u>2,700</u>	<u>2,700</u>	<u>0</u>
(367,654)	95,800	463,454
766,169	766,169	0
158,998	158,998	0
<u>\$557,513</u>	<u>\$1,020,967</u>	<u>\$463,454</u>

**Ledgemont Local School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Fund Equity  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001*

	Enterprise
<b>Operating Revenues</b>	
Sales	\$114,641
<b>Operating Expenses</b>	
Salaries and Wages	44,537
Fringe Benefits	14,271
Purchased Services	4,688
Materials and Supplies	20,452
Cost of Sales	75,430
Depreciation	2,114
<i>Total Operating Expenses</i>	161,492
<i>Operating Loss</i>	(46,851)
<b>Non-Operating Revenues</b>	
Federal Donated Commodities	9,276
Operating Grants	32,559
Interest	209
<i>Total Non-Operating Revenues</i>	42,044
<i>Net Loss</i>	(4,807)
<i>Retained Earnings Beginning of Year</i>	13,590
<i>Retained Earnings End of Year</i>	8,783
Contributed Capital at Beginning and End of Year	469
<i>Total Fund Equity End of Year</i>	\$9,252

See accompanying notes to the general purpose financial statements



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

	Enterprise Funds		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Sales	\$117,227	\$114,641	(\$2,586)
Interest	0	209	209
Operating Grants	31,598	32,559	961
<i>Total Revenues</i>	<u>148,825</u>	<u>147,409</u>	<u>(1,416)</u>
<b>Expenses</b>			
Salaries and Wages	47,330	47,330	0
Fringe Benefits	15,952	15,886	66
Purchased Services	4,884	4,575	309
Materials and Supplies	90,231	90,871	(640)
Capital Outlay	2,794	0	2,794
<i>Total Expenses</i>	<u>161,191</u>	<u>158,662</u>	<u>2,529</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(12,366)	(11,253)	1,113
<i>Fund Equity Beginning of Year</i>	24,643	24,643	0
Prior Year Encumbrances Appropriated	297	297	0
<i>Fund Equity End of Year</i>	<u><u>\$12,574</u></u>	<u><u>\$13,687</u></u>	<u><u>\$1,113</u></u>

See accompanying notes to the general purpose financial statements

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

	Enterprise
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>	
<b>Cash Flows from Operating Activities</b>	
Cash Received from Customers	\$114,641
Cash Payments for Goods and Services	(87,465)
Cash Payments to Employees for Services and Benefits	(63,216)
<i>Net Cash Used for Operating Activities</i>	(36,040)
<b>Cash Flows from Noncapital Financing Activities</b>	
Operating Grants Received	32,559
<b>Cash Flows from Investing Activities</b>	
Interest on Investments	209
<i>Net Decrease in Cash and Cash Equivalents</i>	(3,272)
<i>Cash and Cash Equivalents Beginning of Year</i>	24,937
<i>Cash and Cash Equivalents End of Year</i>	\$21,665
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>	
Operating Loss	(\$46,851)
<b>Adjustments</b>	
Depreciation	2,114
Donated Commodities Used During Year	9,276
<i>(Increase) Decrease in Assets</i>	
Materials and Supplies Inventory	84
Inventory Held for Resale	(54)
<i>Increase (Decrease) in Liabilities</i>	
Accounts Payable	3,799
Accrued Wages and Benefits	(2,793)
Compensated Absences Payable	118
Intergovernmental Payable	(1,733)
<i>Total Adjustments</i>	10,811
<i>Net Cash Used for Operating Activities</i>	(\$36,040)

See accompanying notes to the general purpose financial statements

**Ledgemont 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**

Ledgemont Local School District (the “School District”) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government. Each member is elected to a four year term. The School District provides educational services as authorized by State and/or federal agencies. This Board of Education controls the School District’s two instructional/support facilities staffed by 36 classified employees, 50 certificated full-time and part-time teaching personnel, and 4 administrators who provide services to 716 students and other community members.

On March 27, 1997, the School District was declared to be in a state of “Fiscal Emergency” by the Auditor of State. Legislation effective September 1996, permitted this declaration due to the School District’s declining financial condition. In accordance with the law, a seven-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission’s primary charge is to develop, adopt and implement a financial recovery plan. The Commission accordingly adopted the School District plan on July 21, 1997. The Commission is comprised of the State Superintendent of Public Instruction, the School District Superintendent, State Director of Budget and Management, the Geauga County Auditor, a School District parent, an appointee by the Governor and an appointee by the County Auditor. Once the plan was adopted, the Board of Education’s discretion was limited in that all financial activity of the School District must be in accordance with the plan.

***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 are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For Ledgemont 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.

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

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The School District participates in five jointly governed organizations. These organizations are the Lake Geauga Computer Association, the Ohio Schools' Council, the Ashtabula Joint Vocational School, East Shore Regional Transportation System, and East Shore Center. These organizations are presented in Note 18 to the general purpose financial statements.

**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 restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

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

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

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

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

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

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

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

***Proprietary Fund Types*** Proprietary funds are used to account for the School District's ongoing activities which are similar to those found in the private sector. The School District has only enterprise type proprietary funds.

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

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

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

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

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

***B. Measurement Focus and Basis of Accounting***

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

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

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

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied (See Note 8). Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

**Deferred Revenue** Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

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

**Expenditures/Expenses** On the accrual basis of accounting, expenses are recognized at the time they are incurred.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

***C. Budgetary Data***

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

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

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

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual 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 a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund 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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

***D. Cash and Cash Equivalents***

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

During fiscal year 2001 investments were limited to STAROhio, certificates of deposit and repurchase agreements. Non-negotiable certificates of deposits and repurchase agreements 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.

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 \$73,635 which includes \$41,196 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.



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

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***E. Inventory***

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used. Materials and supplies inventory has not been reported in the governmental funds since the balance is insignificant.

***F. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 21 for additional information regarding set-asides.

***G. Fixed Assets and Depreciation***

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not 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 equipment in the enterprise funds is computed using the straight-line method over an estimated useful life that ranges from 8 to 20 years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

***H. Interfund Assets/Liabilities***

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

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

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***I. Compensated Absences***

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. 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 termination method. An accrual for earned sick leave is made to the extent it is probable that the benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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

***J. Accrued Liabilities and Long-Term Obligations***

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

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

Under Ohio law, a debt service fund may be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***K. Interfund Transactions***

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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***L. Fund Balance Reserves***

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

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

***M. 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.

***N. Memorandum Only - Totals Columns***

Total columns on the general purpose financial statements are captioned "Total - (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 the aggregation of this data.

**Note 3 - Changes in Accounting Principles**

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." The implementation had no effect on fund balance as of June 30, 2000 as previously reported.

**Note 4 - Accountability and Compliance**

***A. Fund Deficits***

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

<b>Special Revenue Funds</b>	
Drug Free Grant	\$199
Management Information Systems	904
Instructional Material Supply	1,803

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

<b>Capital Project Fund</b>	
Energy Conservation	\$38,558
<b>Enterprise Fund</b>	
Uniform School Supply	1,138

The deficits in the drug free grant and management information systems special revenue funds resulted from current year encumbrances. Instructional material supply special revenue fund and the uniform school supply enterprise fund resulted from applying generally accepted accounting principals. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The deficit in the energy conservation capital projects fund resulted from the issuance of notes during fiscal year 1997. Once the notes are retired the deficit will be eliminated.

***B. Compliance***

As of January 31, 2001, the following funds had total appropriations in excess of estimated resources plus carryover balances in violation of Section 5705.39, Ohio Revised Code:

	Estimated Revenues Plus Carryover Balances	Appropriations	Excess
<b>Special Revenue Funds</b>			
Public School Support	\$17,954	\$27,441	\$9,487
Career Grant	123	1,051	928
Teacher Development	1,013	2,708	1,695
Excellence in Education	0	100,699	100,699
Management Information Systems	0	10,532	10,532
Instruction Material Subsidy	4,107	10,110	6,003
Ohio Reads	0	41,780	41,780
Title II	1,179	4,012	2,833
Title VI-B	12,188	42,890	30,702
Title I	6,022	62,102	56,080
Title VI	0	8,193	8,193
Drug Free Grant	0	6,178	6,178
Goals 2000	1,954	3,899	1,945
<b>Capital Projects Fund</b>			
Permanent Improvement	258	3,772	3,514
<b>Enterprise Fund</b>			
Food Service	118,588	122,798	4,210

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

Contrary to Section 5705.41(B) & (D), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations as of January 31, 2001:

Fund/Function/Object	Appropriations	Expenditures plus Encumbrances	Excess
<b>General Fund</b>			
Instruction			
Regular			
Purchased Services	\$495	\$5,540	\$5,045
Vocational			
Purchased Services	1,526	1,846	320
Materials and Supplies	1,320	1,610	290
Support Services			
Pupils			
Purchased Services	13,366	21,299	7,933
Instructional Staff			
Materials and Supplies	173	817	644
Administration			
Miscellaneous	24,214	43,596	19,382
Fiscal			
Purchased Services	2,096	15,159	13,063
Operation and Maintenance of Plant			
Purchased Services	180,937	200,011	19,074
Capital Outlay - Replacement	0	9,085	9,085
Pupil Transportation			
Purchased Services	93,695	95,616	1,921
Capital Outlay - New	63,952	73,983	10,031
Facilities and Acquisition			
Capital Outlay	1,892	3,000	1,108
<b>Special Revenue Funds</b>			
Public School Support			
Instruction			
Regular			
Materials and Supplies	0	549	549
Support Services			
Instructional Staff			
Materials and Supplies	0	125	125
Operation of Non-Instructional Services			
Food Service Operations			
Materials and Supplies	4,474	5,800	1,326

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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Fund/Function/Object	Appropriations	Expenditures plus Encumbrances	Excess
Other Grants			
Instruction			
Regular			
Purchased Services	\$0	\$158	\$158
Materials and Supplies	0	510	510
Athletics and Music			
Extracurricular Activities			
Sport Oriented Activities			
Purchased Services	14,405	16,558	2,153
Materials and Supplies	1,814	2,233	419
Capital Outlay - New	107	235	128
Miscellaneous	995	1,210	215
Teacher Development			
Support Services			
Instructional Staff			
Purchased Services	473	1,561	1,088
Title II			
Instruction			
Regular			
Materials and Supplies	52	217	165
Title VI-B			
Support Services			
Administration			
Salaries	0	12,294	12,294
Fringe Benefits	0	3,818	3,818
Title I			
Instruction			
Special			
Salaries	0	14,775	14,775
Fringe Benefits	0	3,898	3,898
Materials and Supplies	0	624	624
Drug Free Schools Grant			
Instruction			
Regular			
Materials and Supplies	0	526	526

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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Fund/Function/Object	Appropriations	Expenditures plus Encumbrances	Excess
Miscellaneous Federal Grants			
Instruction			
Regular			
Materials and Supplies	\$0	\$2,901	\$2,901
<b>Enterprise Funds</b>			
Food Service			
Purchased Services	203	1,906	1,703
Materials and Supplies	0	360	360
Uniform School Supplies			
Materials and Supplies	13,938	15,590	1,652

Contrary to Section 5705.41(B) & (D), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations as of June 30, 2001:

Fund/Function/Object	Appropriations	Expenditures plus Encumbrances	Excess
<b>Special Revenue Funds</b>			
Title VI-B			
Support Services			
Administration			
Salaries	\$13,081	\$19,320	\$6,239
Drug Free Schools Grant			
Instruction			
Regular			
Purchased Services	645	1,045	400

The School District had negative cash balances in the following special revenue funds indicating that revenues from other sources were used to pay obligations of these funds contrary to Ohio Revised Code Section 5705.10:

Special Revenue Funds:	
Management Information System	\$865
Textbook Subsidy	1,803
Title VI-B	6,239
Drug Free Grant	199

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

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**Note 5 - Budgetary Basis of Accounting**

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Proceeds from principal payment on revenue and tax anticipation notes are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
5. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

Net Loss/Excess of Revenues Over (Under) Expenses,  
 Proprietary Fund Type

	Enterprise
GAAP Basis	(\$4,807)
Revenue Accruals	(9,276)
Expense Accruals	8,694
Depreciation Expense	2,114
Encumbrances	(7,978)
Budget Basis	(\$11,253)



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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$447,793	\$78,776	(\$27,201)	\$40,645
Revenue Accruals	(114,784)	(18,332)	(3,100)	0
Unrecorded Cash	(6)	0	0	0
Expenditure Accruals	(71,319)	10,196	0	(19,950)
Reclassification of Debt				
Taxes	0	0	23,600	(23,600)
Principal Retirement	0	0	(20,000)	20,000
Interest and Fiscal Charges	0	0	(3,600)	3,600
Encumbrances	(168,027)	(18,405)	(40,350)	(136)
Budget Basis	<u>\$93,657</u>	<u>\$52,235</u>	<u>(\$70,651)</u>	<u>\$20,559</u>

**Note 6 - Deposits and Investments**

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

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

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

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

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

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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Interim monies may be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**Cash on Hand:** At year end, the School District had \$6 in undeposited cash on hand which is included on the balance sheet of the School District as part of equity in pooled cash and cash equivalents.

**Ledgemont Local School District**  
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**Deposits** At fiscal year end, the carrying amount of the School District's deposits was \$1,118,143 and the bank balance was \$1,355,674. \$100,000 of the bank balance was covered by federal depository insurance. \$1,255,674 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institutions trust department or agent in the School District's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$70,806	\$70,806	\$70,806
STAROhio		122,231	122,231
Totals		\$193,037	\$193,037

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

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

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$1,311,186	\$0
Unrecorded Cash	(6)	0
Investments:		
Repurchase Agreements	(70,806)	70,806
STAROhio	(122,231)	122,231
<i>GASB Statement No. 3</i>	\$1,118,143	\$193,037

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 7 - Receivables**

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and tuition and fees), interfund, interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

The principal intergovernmental receivables were:

<b>Intergovernmental Receivable</b>	<b>Amount</b>
General Fund	\$42,649
Special Revenue Funds:	
Teacher Development	3,406
Chapter II	2,605
Drug Free Grant	246
Title VI-B	30,521
<i>Total Special Revenue Funds</i>	36,778
<b>Total</b>	<b>\$79,427</b>

**Note 8 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar year 2001 for real and public utility property taxes represents collections of calendar year 2000 taxes. Property tax payments received during calendar year 2001 for tangible personal property (other than public utility property) are for calendar year 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value: public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second Half Collections		2001 First Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$60,008,330	88.35%	\$62,279,310	88.22%
Public Utility	4,166,130	6.13	4,091,520	5.80
Tangible Personal Property	3,749,490	5.52	4,223,950	5.98
<b>Total Assessed Value</b>	<b>\$67,923,950</b>	<b>100.00%</b>	<b>\$70,594,780</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$64.61		\$64.61	

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20. This year, the June 2001 tangible personal property tax settlement was not received until July of 2001.

The county treasurer collects property taxes on behalf of all taxing districts in the County, including Ledgemont Local School District. 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, tangible personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance at June 30, 2001, was \$234,700. \$227,800 was available to the general fund and \$6,900 was available to the bond retirement fund.

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 9 - Fixed Assets**

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

Equipment	\$66,744
Accumulated Depreciation	(65,051)
Net Fixed Assets	\$1,693

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land	\$63,500	\$0	\$0	\$63,500
Buildings and Improvements	402,453	0	4,913	397,540
Furniture and Equipment	976,142	0	3,769	972,373
Vehicles	402,333	71,894	0	474,227
Totals	\$1,844,428	\$71,894	\$8,682	\$1,907,640

**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Indiana Insurance Company, Travelers Insurance, Marsh/Coregis, and Wausau Insurance Company. Coverage is as follows:

Company	Type of Coverage	Coverage
Indiana Insurance Company	Building and Contents - replacement cost	\$12,190,599
	Extra Expense Coverage	1,000,000
	Valuable Papers	100,000
	Inland Marine Coverage	628,914
	Crime Insurance	260,000
Travelers Insurance	Boiler and Machinery	30,000,000
	Consequential Loss	50,000
	Expediting Expenses	100,000
	Hazardous Substance	100,000
	Ammonia Contamination	100,000
	Water Damage	100,000
	Media	100,000
	Off Premises Service Interruption	500,000
Ordinance or Law	1,000,000	
Marsh/Coregis	Automobile Liability	
	Uninsured Motorist	1,000,000
	Umbrella (per occurrence)	2,000,000

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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Company	Type of Coverage	Coverage
Wausau Insurance	General Liability	
	Per occurrence	\$1,000,000
	Total per year	5,000,000

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.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension system. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 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 School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$29,979, \$58,725, and \$55,535 respectively; 60.69 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$11,785 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.

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

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***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$189,525, \$135,583, and \$91,404 respectively; 83.77 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$30,768 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 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 \$89,775 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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



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

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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 9.80 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$86,324.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 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. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Vacation days are credited to classified employees under contract. Accumulated unused vacation time is paid to classified employees upon termination of employment, with some restrictions. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. A percentage of unused sick time is paid at retirement. The number of unused sick days which can accumulate is 305.

***B. Insurance***

Medical, surgical, vision and dental insurance is offered to employees through Medical Mutual Insurance Company of Ohio. The traditional plan has a \$100 deductible for single and a \$200 deductible for family. The co-payment is 90/10. The premium for single is \$188.64 and \$481.47 for family. The HMO plan (also offered through Medical Mutual Insurance Company of Ohio) includes prescription coverage and has no deductible. The premium for HMO coverage is \$284.60 for single and \$721.37 for family.

Life insurance is offered to employees through Anthem Life Insurance Company of Columbus, Ohio. The Superintendent receives \$145,200 coverage for \$21.05 per month, administrators, supervisors, certified, custodial and clerical employees receive \$50,000 for \$7.25 per month.

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

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**Note 14 - Contingencies**

**A. Grants**

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

**B. Litigation**

The school district is not a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects.

**Note 15 - Capital Leases - Lessee Disclosure**

In prior years, the School District entered into two capitalized leases for the acquisition of copiers. These leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$38,093 which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2001 totaled \$8,895 in the governmental funds, which was the remainder of the lease amount. The lease was paid in full during fiscal year 2001.

**Note 16 - Note Debt**

The School District's note activity, including amount outstanding and interest rate follow:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Energy Conservation Fund:				
Energy Conservation Note				
1993, 6.0%	\$60,000	\$0	\$20,000	\$40,000

**Ledgemont Local School District**  
*Notes to the General Purpose Financial Statements*  
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The energy conservation notes were issued for the purpose of energy conservation purchases. These notes were backed by the full faith and credit of the Ledgemont Local School District. The note liability was reflected in the fund which received the proceeds. Principal and interest requirements to retire notes outstanding at June 30, 2001 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$20,000	\$2,400	\$22,400
2003	20,000	1,200	21,200
Total	<u>\$40,000</u>	<u>\$3,600</u>	<u>\$43,600</u>

**Note 17 - Long-Term Obligations**

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

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
<b>General Obligation Bonds:</b>				
Classroom Facilities Bonds 1982 14.0%	\$330,000	\$0	\$55,000	\$275,000
<b>Other Long-Term Obligations:</b>				
Installment Loan	1,086	0	1,086	0
Capital Leases	8,895	0	8,895	0
Compensated Absences	309,991	14,427	0	324,418
Pension Obligations	54,427	40,092	54,427	40,092
<i>Total General Long-Term Obligations</i>	<u>\$704,399</u>	<u>\$54,519</u>	<u>\$119,408</u>	<u>\$639,510</u>

The general obligation bonds will be paid from the debt service fund. The installment loan and capital lease obligation will be paid from the general fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

**Ledgemont Local School District**  
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The School District's overall legal debt margin was \$6,688,310 with an unvoted debt margin of \$70,595 at June 30, 2001. Principal and interest requirements to retire general obligation bonds outstanding at June 30, 2001 are as follows:

Fiscal Year Ended June 30,	General Oligation Bonds		
	Principal	Interest	Total
2002	\$55,000	\$34,650	\$89,650
2003	55,000	26,950	81,950
2004	55,000	19,250	74,250
2005	55,000	15,400	70,400
2006	55,000	3,850	58,850
	<u>\$275,000</u>	<u>\$100,100</u>	<u>\$375,100</u>

**Note 18 - Jointly Governed Organizations**

**Lake Geauga Computer Association** The Lake Geauga Computer Association (LGCA) is a jointly governed organization that was formed for the purpose of providing computer services for accounting, grading, scheduling, EMIS and other applications to its eighteen member school districts. Each of the districts supports LGCA based upon a per pupil charge. The executive committee (governing board) consists of the superintendents and treasurers of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. LGCA's continued existence is not dependent on the School District's continued participation. For fiscal year 2001, the School District paid \$25,273 to the association. LGCA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained from: Lake Geauga Computer Association, 8140 Auburn Road, Concord Township, Ohio 44077.

**Ohio Schools' Council** The Ohio Schools' Council Association (Council) is a jointly governed organization among eighty-three school districts. The jointly governed organization was formed to purchase quality products and services at the lowest possible cost to the member districts. Each district supports the Council by paying an annual participation fee. The Council's Board consists of seven superintendents of the participating districts whose term rotates every year. The degree of control exercised by any school district is limited to its representation on the Board. In fiscal year 2001, the School District paid \$1,950 to the Council. Financial information can be obtained by contacting Albert G. Vasek, the Executive Secretary/Treasurer of the Ohio Schools Council at 6133 Rockside Rd., Suite 10, Independence, Ohio 44131.

The School District participates in the Council's electric purchase program which was implemented during fiscal year 1998. This program allows school districts to purchase electricity at reduced rates, if the school districts will commit to participating for an eight year period. The participants make monthly payments based on estimated usage. Each June these estimated payments are compared to their actual usage for the year and any necessary adjustments are made.

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

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Energy Acquisition Corporation, a non-profit corporation with a self-appointing board, issued \$119,140,000 in debt to purchase eight years of electricity from Cleveland Electric Illuminating (CEI) for the participants. The participating school districts are not obligated in any manner for this debt. If a participating school district terminates their agreement, they are required to repay the savings to CEI and CEI will refund the remaining prepayment related to that participant to Energy Acquisition Corporation.

***Ashtabula Joint Vocational School*** The Ashtabula Joint Vocational School is a joint vocational school district which is a jointly governed organization among eleven school districts. Each participating school district appoints one member to the Ashtabula Joint Vocational School's Board of Education. The students of each participating school district may attend classes offered at the vocational facility. Each participant's control over the operation of the Ashtabula Joint Vocational School is limited to representation on the board. Continued existence of the Ashtabula Joint Vocational School is not dependent on the School District's continued participation. Financial information can be obtained by writing the Ashtabula Joint Vocational School, 1565 State Rd., Jefferson, Ohio 44047.

***East Shore Regional Transportation System*** The East Shore Regional Transportation System (ESRTA) is a jointly governed organization that was formed for the purpose of providing a transportation system for the handicapped children in the sixteen member school districts. The transportation committee (governing board) consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. ESRTA is not accumulating significant financial resources or experiencing fiscal stress which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Kirtland Board of Education, 9152 Chillicothe Road, Kirtland, Ohio 44094.

***East Shore Center*** The East Shore Center is a jointly governed organization that was formed for the purpose of providing special education for the handicapped children in the sixteen member school districts. The governing board consists of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the governing board. East Shore Center is not accumulating significant resources or experiencing fiscal distress, which would cause additional financial benefit or burden on the School District. Financial information can be obtained by writing the fiscal agent, Mentor Exempted Village School District, 6451 Center Street, Mentor, Ohio 44060.

**Note 19 - Segment Information for Enterprise Funds**

The School District maintains two enterprise funds to account for the operations of lunchroom and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the Ledgemont Local School District as of and for the fiscal year ended June 30, 2001.

**Ledgemont Local School District**  
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	Lunchroom	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$101,502	\$13,139	\$114,641
Depreciation	2,114	0	2,114
Operating Loss	(39,662)	(7,189)	(46,851)
Donated Commodities	9,276	0	9,276
Operating Grants	32,559	0	32,559
Net Income (Loss)	2,382	(7,189)	(4,807)
Net Working Capital	9,693	(1,138)	8,555
Total Assets	21,940	3,532	25,472
Total Equity	10,390	(1,138)	9,252
Encumbrances Outstanding	7,978	0	7,978

**Note 20 - Interfund Transactions**

Interfund balances at June 30, 2001, consist of the following interfund receivables and payables:

Fund	Receivable	Payable
General Fund	\$9,106	\$0
Special Revenue Funds:		
Management Information System	0	865
Title VI-B	0	6,239
Drug Free Grant	0	199
Textbook Subsidy	0	1,803
Total	<u>\$9,106</u>	<u>\$9,106</u>

**Note 21 - 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.

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

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

	Textbooks	Capital Improvements	Budget Stabilization
Set-aside reserve balance June 30, 2000	\$0	\$37,007	\$23,784
Current year set-aside requirement	101,919	101,919	33,973
Reduction in Requirement Based on Revised Legislation	0	0	(33,973)
Qualifying disbursements	(170,610)	(93,402)	0
Balance Carried Forward to Future Fiscal Years	(\$68,691)	\$45,524	\$23,784
Set-aside reserve balance as of June 30, 2001	\$0	\$45,524	\$23,784

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$69,308.

**Note 22 -Subsequent Events**

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of these financial statements, 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.

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

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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.

***B. Income Tax Levy***

On November 6, 2001, the School District placed a seven year .75% income tax on the ballot for current expenses. The income tax levy passed.





## **Auditor of State Betty Montgomery**

### **INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROLS REQUIRED BY *GOVERNMENT AUDITING STANDARDS***

Board of Education  
Ledgemont Local School District  
Geauga County  
16200 Burrows Road  
Thompson, Ohio 44086

We have audited the financial statements of Ledgemont Local School District, Geauga County, Ohio, (the District) as of and for the years ended June 30, 2002 and June 30, 2001, and have issued our report thereon dated February 27, 2003. We conducted our audits in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2002-11128-001, 2002-11128-002, and 2002-11128-003.

We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 27, 2003.

#### **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 level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 27, 2003.

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Ledgemont Local School District  
Geauga County  
Independent Accountants' Report on Compliance  
and Internal Controls Required by *Government Audit Standards*  
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

February 27, 2003

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2002-11128-001</b>
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**Appropriations Exceeding Estimated Resources**

Ohio Revised Code Section 5705.39 states total appropriations should not exceed total estimated revenue.

As described in Note 3 of the June 30, 2002 Notes to the General Purpose Financial Statements, during our midyear testing, at January 31, 2002, the following funds had total appropriations in excess of estimated resources:

	<b>Estimated Resources Plus Carryover Balance</b>	<b>Appropriations</b>	<b>Excess</b>
<b>Special Revenue Funds:</b>			
Public School Support	\$33,949	\$34,573	\$624
Career Grant	665	785	120
Athletics and Music	29,721	33,396	3,675
Teacher Development	82	408	326
Excellence in Education	0	699	699
Ohio Reads	3,000	4,037	1,037
Title II	0	18,843	18,843
Title VI-B	4,421	4,831	410
Title I	79,196	79,342	146
Title VI	3,771	4,798	1,027
<b>Capital Projects Fund:</b>			
School Net	23,563	23,701	138
<b>Enterprise Fund:</b>			
Food Service	112,252	118,132	5,880
Uniform School Supply	11,430	13,504	2,074

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-11128-001</b>
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**Appropriations Exceeding Estimated Resources (Continued)**

As described in Note 4 of the June 30, 2001 Notes to the General Purpose Financial Statements, during our midyear testing, at January 31, 2001, the following funds had total appropriations in excess of estimated resources:

	Estimated Resources Plus Carryover Balance	Appropriations	Amount
<b>Special Revenue Funds:</b>			
Public School Support	\$17,954	\$27,441	\$9,487
Career Grant	123	1,051	928
Teacher Development	1,013	2,708	1,695
Excellence in Education	0	100,699	100,699
Mgmt. Information Systems	0	10,532	10,532
Instructional Material Subsidy	4,107	10,110	6,003
Ohio Reads	0	41,780	41,780
Title II	1,179	4,012	2,833
Title VI-B	12,188	42,890	30,702
Title I	6,022	62,102	56,080
Title VI	0	8,193	8,193
Drug Free Grant	0	6,178	6,178
Goals 2000	1,954	3,899	1,945
<b>Capital Projects Fund:</b>			
Permanent Improvement	258	3,772	3,514
<b>Enterprise Fund:</b>			
Food Service	118,588	122,798	4,210

As described in Note 4 of the June 30, 2002 Notes to the General Purpose Financial Statements, the following funds had total appropriations in excess of estimated resources as of June 30, 2002:

	Estimated Resources Plus Carryover Balance	Appropriations	Excess
<b>Special Revenue Funds:</b>			
Ohio Reads	\$17,000	\$17,007	\$7
Excellence in Education Program	0	699	699

We recommend the District not appropriate in excess of its estimated revenues and make adjustments, as appropriate, to the certificate and/or the appropriations throughout the year to ensure compliance with the above requirement.

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-11128-002</b>
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**Expenditures plus Encumbrances Exceeding Appropriations**

Ohio Revised Code Section 5705.41 (B) & (D) states that expenditures plus encumbrances should not exceed appropriations.

As described in Note 3 of the June 30, 2002 Notes to the General Purpose Financial Statements, during our midyear testing, at January 31, 2002, the following accounts had expenditures plus encumbrances that exceeded appropriations:

<b>Fund/Function/Object</b>	<b>Appropriations</b>	<b>Expenditures Plus Encumbrances</b>	<b>Excess</b>
<b>Special Revenue Funds:</b>			
Teacher Development			
Support Serv. – Instructional Staff			
Personal Services	\$408	\$2,826	\$2,418
Management Information Systems			
Support Serv. – Instructional Staff			
Personal Services	1,134	1,315	181
Title II			
Regular Instruction			
Purchased Services	0	750	750
Title VI-B			
Support Services - Administrative			
Personal Services	21,292	26,024	4,732
Chapter I			
Special Instruction			
Personal Services	35,291	39,575	4,284

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-11128-002</b>
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**Expenditures plus Encumbrances Exceeding Appropriations (Continued)**

As described in Note 4 of the June 30, 2001 Notes to the General Purpose Financial Statements, during our midyear testing, at January 31, 2001, the following accounts had expenditures plus encumbrances that exceeded appropriations:

<b>Fund/Function/Object</b>	<b>Appropriations</b>	<b>Expenditures Plus Encumbrances</b>	<b>Excess</b>
<b>General Fund:</b>			
Regular Instruction			
Purchased Services	\$495	\$5,540	\$5,045
Vocational			
Purchased Services	1,526	1,846	320
Materials and Supplies	1,320	1,610	290
Support Service Pupil			
Purchased Services	13,366	21,299	7,933
Instructional Staff			
Materials & Supplies	173	817	644
Administration Salaries			
Miscellaneous	24,214	43,596	19,382
Fiscal			
Purchased Services	2,096	15,159	13,063
Operations and Maintenance Plant			
Purchased Services	180,937	200,011	19,074
Capital Outlay - Replacement	0	9,085	9,085
Pupil Transportation			
Purchased Services	93,695	95,616	1,921
Capital Outlay - New	63,952	73,983	10,031
Facilities and Acquisition			
Capital Outlay	1,892	3,000	1,108
<b>Special Revenue Funds:</b>			
Public School Support			
Instruction Regular			
Materials & Supplies	0	549	549
Support Service			
Instructional Staff			
Materials & Supplies	0	125	125
Operation of Non-Instructional Services			
Food Service Operations			
Materials & Supplies	4,474	5,800	1,326

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-11128-002</b>
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**Expenditures plus Encumbrances Exceeding Appropriations (Continued)**

**Special Revenue Funds:  
(Continued)**

Other Grants

Regular Instruction			
Purchased Services	\$0	\$158	\$158
Materials & Supplies	0	510	510

Athletics and Music

Extracurricular Activities			
Sport Oriented Activities			
Purchased Services	14,405	16,558	2,153
Capital Outlay – New	107	235	128
Miscellaneous	995	1,210	215
Materials & Supplies	1,814	2,233	419

Teacher Development

Support Service			
Instructional Staff			
Purchased Services	473	1,561	1,088

Title II

Regular Instruction			
Materials & Supplies	52	217	165

Title VI-B

Support Services - Administrative			
Fringe Benefits	0	3,818	3,818
Salaries	0	12,294	12,294

Title I

Special Instruction			
Fringe Benefits	0	3,898	3,898
Salaries	0	14,775	14,775
Materials & Supplies	0	624	624

Drug Free School Grant

Regular Instruction			
Materials & Supplies	0	526	526

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

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

<b>Finding Number</b>	<b>2002-11128-002</b>
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**Expenditures plus Encumbrances Exceeding Appropriations (Continued)**

**Special Revenue Funds:  
(Continued)**

Miscellaneous Federal Grants

Regular Instruction				
Materials & Supplies	\$0	\$2,901		\$2,901

**Enterprise Funds:**

Food Services

Purchased Services	203	1,906		1,703
Materials & Supplies	0	360		360

Uniform School Supply

Materials & Supplies	13,938	15,590		1,652
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As described in Note 4 of the June 30, 2001 Notes to the General Purpose Financial Statements, the following accounts had expenditures plus encumbrances that exceeded appropriations as of June 30, 2001:

<b>Fund/Function/Object</b>	<b>Appropriations</b>	<b>Expenditures Plus Encumbrances</b>	<b>Excess</b>
<b>Special Revenue Funds:</b>			
Title VI-B			
Support Service Administration			
Salaries	\$13,081	\$19,320	\$6,239
Drug Free School			
Regular Instruction			
Purchased Services	645	1,045	400

We recommend the District not expend funds in excess of appropriations and make adjustments to the appropriations throughout the year to ensure compliance with the above requirement.



**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND 2001**

<b>FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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<b>Finding Number</b>	<b>2002-11128-003</b>
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Ohio Rev. Code Section 9.38 requires public money to be deposited with the treasurer of the public office or to a designated depository within 24 hours of collection.

During our testing of FY2002 and FY2001 Extra-curricular Activity Revenue for Special Revenue and Agency Funds we found that the cash being collected was not deposited with the Treasurer or depository within 24 hours. During FY2002, 6 out of 20 (30%) Special Revenue Fund receipts and 8 out of 10 (80%) Agency Fund receipts were not deposited timely. During FY2001, 3 out of 20 (15%) Special Revenue Fund receipts and 6 out of 10 (60%) Agency Fund receipts were not deposited timely.

We recommend the District either deposit moneys collected with the Treasurer or its local depository on the next business day following the day of receipt or adopt a policy requiring all moneys collected to be deposited with the Treasurer or properly designated depository on the next business day following the day of receipt, if the total amount of such moneys received exceeds \$1,000, or within three business days following the day of receipt, if the total amount of such moneys is less than \$1,000. Additionally, the policy must include procedures to safeguard the moneys until the time of deposit.

**LEDGEMONT LOCAL SCHOOL DISTRICT  
GEAUGA COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEARS ENDED JUNE 30, 2002 AND JUNE 30, 2001**

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></b>
2000-11128-001	Ohio Rev. Code Section 5705.39, appropriations exceeding estimated revenues	No	Not Corrected
2000-11128-002	Ohio Rev. Code Section 5705.41(B), expenditures plus encumbrances exceeding appropriations	No	Not Corrected



**Auditor of State  
Betty Montgomery**

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**LEDGEMONT LOCAL SCHOOL DISTRICT**

**GEAUGA 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  
MAY 8, 2003**