



**Auditor of State
Betty Montgomery**

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

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Strasburg-Franklin Local School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2003, as listed in the Table of Contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As more fully discussed in Note 2 and 9, the General Fixed Assets Account Group and Enterprise Fund were restated as a result of a change in fixed asset threshold at July 1, 2002.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 17, 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 audit.

A handwritten signature in black ink that reads "Betty Montgomery".

Betty Montgomery
Auditor of State

November 17, 2003

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Strasburg-Franklin Local School District

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>Assets and Other Debits:</u>			
<u>Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	\$918,839	\$50,673	\$110,973
Cash & Cash Equivalents in Segregated Accounts	0	24,183	0
<u>Receivables:</u>			
Taxes	1,602,245	0	72,359
Accounts	0	1,510	0
Intergovernmental Receivable	0	14,074	0
Accrued Interest	5,119	0	0
Due from Other Funds	5,959	0	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	16,922	0	0
<u>Restricted Assets:</u>			
Equity in Pooled Cash and Cash Equivalents	36,882	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
<u>Other Debits:</u>			
Amount to be Provided from General Governmental Resources	0	0	0
 Total Assets and Other Debits	 <u>\$2,585,966</u>	 <u>\$90,440</u>	 <u>\$183,332</u>
 <u>Liabilities, Fund Equity and Other Credits:</u>			
<u>Liabilities:</u>			
Accounts Payable	\$28,531	\$7,441	\$0
Accrued Wages and Benefits Payable	381,329	5,564	0
Compensated Absences Payable	46,359	0	0
Due to Other Funds	0	5,959	0
Intergovernmental Payable	63,968	859	0
Deferred Revenue	1,460,061	4,544	65,938
Due to Students	0	0	0
Total Liabilities	<u>1,980,248</u>	<u>24,367</u>	<u>65,938</u>
 <u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	0	0	0
Contributed Capital	0	0	0
Retained Earnings, Unreserved (Deficit)	0	0	0
<u>Fund Balance:</u>			
Reserved for Encumbrances	25,705	9,092	1,200
Reserved for Inventory	16,922	0	0
Reserved for Taxes	142,184	0	6,421
Reserved for Capital Improvements	19,861	0	0
Reserved for Budget Stabilization	17,021	0	0
Unreserved, Undesignated	384,025	56,981	109,773
Total Fund Equity and Other Credits	<u>605,718</u>	<u>66,073</u>	<u>117,394</u>
 Total Liabilities, Fund Equity and Other Credits	 <u>\$2,585,966</u>	 <u>\$90,440</u>	 <u>\$183,332</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			
\$25,258	\$34,510	\$0	\$0	\$1,140,253
0	0	0	0	24,183
0	0	0	0	1,674,604
0	0	0	0	1,510
0	0	0	0	14,074
0	0	0	0	5,119
0	0	0	0	5,959
4,011	0	0	0	4,011
624	0	0	0	17,546
0	0	0	0	36,882
11,298	0	3,369,079	0	3,380,377
0	0	0	272,995	272,995
<u>\$41,191</u>	<u>\$34,510</u>	<u>\$3,369,079</u>	<u>\$272,995</u>	<u>\$6,577,513</u>
\$45	\$0	\$0	\$0	\$36,017
10,731	0	0	0	397,624
9,059	0	0	259,383	314,801
0	0	0	0	5,959
12,562	0	0	13,612	91,001
3,410	0	0	0	1,533,953
0	34,510	0	0	34,510
<u>35,807</u>	<u>34,510</u>	<u>0</u>	<u>272,995</u>	<u>2,413,865</u>
0	0	3,369,079	0	3,369,079
75,321	0	0	0	75,321
(69,937)	0	0	0	(69,937)
0	0	0	0	35,997
0	0	0	0	16,922
0	0	0	0	148,605
0	0	0	0	19,861
0	0	0	0	17,021
0	0	0	0	550,779
<u>5,384</u>	<u>0</u>	<u>3,369,079</u>	<u>0</u>	<u>4,163,648</u>
<u>\$41,191</u>	<u>\$34,510</u>	<u>\$3,369,079</u>	<u>\$272,995</u>	<u>\$6,577,513</u>

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Strasburg-Franklin Local School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balances All Governmental Fund Types For the Fiscal Year Ended June 30, 2003

	General	Special Revenue	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>				
Taxes	\$1,474,528	\$0	\$64,115	\$1,538,643
Intergovernmental	2,374,890	156,813	7,819	2,539,522
Interest	23,734	1,477	0	25,211
Tuition and Fees	152,256	0	0	152,256
Extracurricular Activities	0	109,542	0	109,542
Miscellaneous	14,732	12,017	3,327	30,076
Total Revenues	<u>4,040,140</u>	<u>279,849</u>	<u>75,261</u>	<u>4,395,250</u>
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	2,142,669	54,724	0	2,197,393
Special	228,595	81,858	0	310,453
Vocational	69,612	2,122	0	71,734
Other	116,851	0	0	116,851
Support Services:				
Pupils	142,439	2,517	0	144,956
Instructional Staff	143,442	27,993	0	171,435
Board of Education	29,470	0	0	29,470
Administration	390,743	13,532	0	404,275
Fiscal	109,281	0	1,306	110,587
Operation and Maintenance of Plant	280,809	0	0	280,809
Pupil Transportation	171,314	0	0	171,314
Central	40,628	7,000	0	47,628
Extracurricular Activities	109,402	96,767	0	206,169
Capital Outlay	0	0	25,123	25,123
Total Expenditures	<u>3,975,255</u>	<u>286,513</u>	<u>26,429</u>	<u>4,288,197</u>
Excess of Revenues Over Expenditures	<u>64,885</u>	<u>(6,664)</u>	<u>48,832</u>	<u>107,053</u>
<u>Other Financing Sources (Uses):</u>				
Refund of Prior Year Receipts	0	(4,224)	0	(4,224)
Operating Transfers Out	(20,304)	0	0	(20,304)
Total Other Financing Sources (Uses)	<u>(20,304)</u>	<u>(4,224)</u>	<u>0</u>	<u>(24,528)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	44,581	(10,888)	48,832	82,525
Increase in Cash and Fund Balance	807	0	0	807
Fund Balances Beginning of Year	560,330	76,961	68,562	705,853
Fund Balances End of Year	<u>\$605,718</u>	<u>\$66,073</u>	<u>\$117,394</u>	<u>\$789,185</u>

See accompanying notes to the general purpose financial statements.

Strasburg-Franklin Local School District

Combined Statement of Revenues, Expenditures and Changes in Fund Balances
Budget and Actual (Budget Basis) - All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003

	----- General -----			----- Special Revenue -----		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Taxes	\$1,400,000	\$1,451,001	\$51,001	\$0	\$0	\$0
Intergovernmental	2,427,000	2,374,890	(52,110)	160,646	147,283	(13,363)
Interest	27,000	26,874	(126)	1,350	1,477	127
Tuition and Fees	124,500	152,256	27,756	0	0	0
Extracurricular Activities	0	0	0	116,200	110,917	(5,283)
Miscellaneous	30,000	14,732	(15,268)	12,700	12,017	(683)
Total Revenues	4,008,500	4,019,753	11,253	290,896	271,694	(19,202)
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	2,216,514	2,129,817	86,697	57,689	48,363	9,326
Special	233,779	227,806	5,973	100,422	94,138	6,284
Vocational	71,678	70,053	1,625	2,122	2,122	0
Other	116,851	116,851	0	0	0	0
Support Services:						
Pupils	142,417	142,417	0	22,651	22,651	0
Instructional Staff	179,277	164,684	14,593	41,256	30,064	11,192
Board of Education	32,950	31,515	1,435	0	0	0
Administration	388,341	381,939	6,402	16,000	13,592	2,408
Fiscal	126,100	109,369	16,731	0	0	0
Operation and Maintenance of Plant	329,250	281,573	47,677	0	0	0
Pupil Transportation	230,084	166,433	63,651	0	0	0
Central	48,600	40,710	7,890	8,000	7,000	1,000
Extracurricular Activities	134,250	111,353	22,897	122,750	107,937	14,813
Capital Outlay	0	0	0	0	0	0
Total Expenditures	4,250,091	3,974,520	275,571	370,890	325,867	45,023
Excess of Revenues Over Expenditures	(241,591)	45,233	286,824	(79,994)	(54,173)	25,821
<u>Other Financing Sources (Uses):</u>						
Advances In	0	0	0	0	5,959	5,959
Operating Transfers Out	(20,304)	(20,304)	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(4,224)	(4,224)	0
Advances Out	(5,959)	(5,959)	0	0	0	0
Total Other Financing Sources (Uses)	(26,263)	(26,263)	0	(4,224)	1,735	5,959
Excess of Revenues and Other Financing Sources (Under) Over Expenditures and Other Financing Uses	(267,854)	18,970	286,824	(84,218)	(52,438)	31,780
Fund Balances Beginning of Year	902,465	902,465	0	81,884	81,884	0
Prior Year Encumbrances Appropriated	6,965	6,965	0	28,882	28,882	0
Fund Balances End of Year	\$641,576	\$928,400	\$286,824	\$26,548	\$58,328	\$31,780

See accompanying notes to the general purpose financial statements.

----- Capital Projects -----			----- Totals (Memorandum Only) -----		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$60,400	\$62,813	\$2,413	\$1,460,400	\$1,513,814	\$53,414
8,500	7,819	(681)	2,596,146	2,529,992	(66,154)
0	0	0	28,350	28,351	1
0	0	0	124,500	152,256	27,756
0	0	0	116,200	110,917	(5,283)
3,210	3,327	117	45,910	30,076	(15,834)
<u>72,110</u>	<u>73,959</u>	<u>1,849</u>	<u>4,371,506</u>	<u>4,365,406</u>	<u>(6,100)</u>
26,421	25,079	1,342	2,300,624	2,203,259	97,365
0	0	0	334,201	321,944	12,257
0	0	0	73,800	72,175	1,625
0	0	0	116,851	116,851	0
0	0	0	165,068	165,068	0
0	0	0	220,533	194,748	25,785
0	0	0	32,950	31,515	1,435
0	0	0	404,341	395,531	8,810
2,000	1,306	694	128,100	110,675	17,425
18,500	0	18,500	347,750	281,573	66,177
0	0	0	230,084	166,433	63,651
0	0	0	56,600	47,710	8,890
0	0	0	257,000	219,290	37,710
34,000	3,044	30,956	34,000	3,044	30,956
<u>80,921</u>	<u>29,429</u>	<u>51,492</u>	<u>4,701,902</u>	<u>4,329,816</u>	<u>372,086</u>
(8,811)	44,530	53,341	(330,396)	35,590	365,986
0	0	0	0	5,959	5,959
0	0	0	(20,304)	(20,304)	0
0	0	0	(4,224)	(4,224)	0
0	0	0	(5,959)	(5,959)	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>(30,487)</u>	<u>(24,528)</u>	<u>5,959</u>
(8,811)	44,530	53,341	(360,883)	11,062	371,945
63,443	63,443	0	1,047,792	1,047,792	0
1,800	1,800	0	37,647	37,647	0
<u>\$56,432</u>	<u>\$109,773</u>	<u>\$53,341</u>	<u>\$724,556</u>	<u>\$1,096,501</u>	<u>\$371,945</u>

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Strasburg-Franklin Local School District

Statement of Revenues, Expenses and Changes in Retained Earnings
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund</u>
<u>Operating Revenues:</u>	
Sales	\$140,642
<u>Operating Expenses:</u>	
Salaries	74,256
Fringe Benefits	32,592
Purchased Services	909
Materials and Supplies	11,103
Cost of Sales	72,897
Depreciation	1,940
	<hr/>
Total Operating Expenses	193,697
	<hr/>
Operating Loss	(53,055)
	<hr/>
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	14,128
Interest Income	277
Operating Grants	34,956
	<hr/>
Total Non-Operating Revenues	49,361
Excess of Revenues Under Expenses Before Transfers In	(3,694)
Operating Transfers In	20,000
	<hr/>
Excess of Revenues Over Expenses	16,306
Retained Earnings (Deficit) at Beginning of Year	(86,243)
	<hr/>
Retained Earnings (Deficit) at End of Year	(\$69,937)
	<hr/> <hr/>

See accompanying notes to the general purpose financial statements.

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Strasburg-Franklin Local School District

Combined Statement of Revenues, Expenses and Changes in Fund Equity
Budget and Actual (Budget Basis) - Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	----- Enterprise Fund -----		
	<u>Revised</u> <u>Budget</u>	<u>Actual</u>	Variance Favorable <u>(Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$136,300	\$140,642	\$4,342
Operating Grants	31,300	34,956	3,656
Interest Income	100	277	177
	<hr/>	<hr/>	<hr/>
Total Revenues	167,700	175,875	8,175
	<hr/>	<hr/>	<hr/>
<u>Expenses:</u>			
Salaries	74,750	72,838	1,912
Fringe Benefits	36,700	34,822	1,878
Purchased Services	1,000	909	91
Materials and Supplies	84,900	71,766	13,134
	<hr/>	<hr/>	<hr/>
Total Expenses	197,350	180,335	17,015
	<hr/>	<hr/>	<hr/>
Excess of Revenues Under Expenses Before Transfers In	(29,650)	(4,460)	25,190
Operating Transfers In	20,000	20,000	0
	<hr/>	<hr/>	<hr/>
Excess of Revenue Over Expenses	(9,650)	15,540	25,190
Fund Equity at Beginning of Year	9,703	9,703	0
	<hr/>	<hr/>	<hr/>
Fund Equity at End of Year	<u>\$53</u>	<u>\$25,243</u>	<u>\$25,190</u>

See accompanying notes to the general purpose financial statements.

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Strasburg-Franklin Local School District

Statement of Cash Flows - Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	<u>Enterprise Fund</u>
<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows From (Used for) Operating Activities:</u>	
Cash Received from Customers	\$140,642
Cash Payments to Suppliers for Goods and Services	(72,675)
Cash Payments to Employees	(72,838)
Cash Payments for Employee Benefits	<u>(34,806)</u>
Net Cash Used for Operating Activities	(39,677)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	34,956
Transfer from General Fund	20,000
<u>Cash Flow from Investing Activities:</u>	
Interest Income	<u>277</u>
Net Increase in Cash and Cash Equivalents	15,556
Cash and Cash Equivalents at Beginning of Year	<u>9,702</u>
Cash and Cash Equivalents at End of Year	<u><u>\$25,258</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</u>	
Operating Loss	(\$53,056)
<u>Adjustments:</u>	
Donated Commodities Used	14,128
Depreciation	1,940
<u>(Increase) in Assets:</u>	
Inventory Held for Resale	(517)
Materials & Supplies Inventory	(624)
<u>(Decrease)/Increase in Liabilities:</u>	
Accounts Payable	(1,604)
Accrued Wages and Benefits Payable	514
Compensated Absences Payable	1,101
Intergovernmental Payable	(2,410)
Deferred Revenue	<u>851</u>
Total Adjustments	<u>13,379</u>
Net Cash Used for Operating Activities	<u><u>(\$39,677)</u></u>

See accompanying notes to the general purpose financial statements.

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Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2003

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State or federal agencies. The Board controls the School District's one facility, staffed by 18 classified personnel, 47 certificated teaching personnel and three administrators who provide services to 701 students and other community members.

Reporting Entity

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

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

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

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

Note 2 - Summary of Significant Accounting Policies

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2003 (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

Proprietary Fund Type:

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

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 60 days after year end.

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2003 (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2003, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2004 operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is based on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds. The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. However, the District chooses to budget and appropriate agency funds. The legal level of budgetary control is at the fund level for all funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of the budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Tuscarawas County Budget Commission for rate determination.

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statement reflect the amounts in the final Amended Certificate issued during fiscal year 2003.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation 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 approved by the Board prior to June 30. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances:

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

Lapsing of Appropriations:

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2003 (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2003, investments were limited to STAROhio and certificates of deposit.

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

STAROhio is an investment pool managed by the State Treasurer's office which allows governments within the state to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2003.

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$23,734, which includes \$4,614 assigned from other School District funds.

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

E. Interfund Assets and Liabilities

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

F. Inventory

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted and amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds and related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District increased its a capitalization threshold from \$500 to \$1,500. The School District does not possess any infrastructure.

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

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

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase Program
- State Property Tax Relief

Capital Projects Fund

- State Property Tax Relief

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Educational Management Information System Grant
SchoolNet Professional Development
Data Communications Subsidy
Title II, Eisenhower Funds
IDEA-B
Title I
Title VI
Title VI-R
Safe and Drug Free Schools Grant
Title II-D

Capital Projects Funds

School Net Plus Grants
Interactive Video Distance Learning Grant

Reimbursable Grants

Proprietary Fund

National School Lunch Program
Government Donated Commodities

Grants and entitlements for governmental fund types amounted to 58 percent of the School District's operating revenue during the 2003 fiscal year.

J. **Compensated Absences**

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

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

Strasburg-Franklin Local School District

Notes to the General Purpose Financial Statements For the Fiscal Year Ended June 30, 2003 (Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

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

M. Fund Equity Reserves

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

N. Contributed Capital

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

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

During the fiscal year ended June 30, 2003, contributed capital decreased by \$3,891 due to a change in the capitalization limit for GAAP purposes.

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 2 - Summary of Significant Accounting Policies (Continued)

O. Estimates

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

P. Total Columns on General Purpose Financial Statements

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

Note 3 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types.
4. Principal payment on short-term note obligations are reported on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 3 - Budgetary Basis of Accounting (Continued)

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
GAAP Basis	\$44,581	\$(10,888)	\$ 48,832
Net Adjustments for Revenue Accruals	(20,387)	(2,196)	(1,302)
Net Adjustments for Expenditure Accruals	22,097	(22,827)	(1,800)
Adjustments for Encumbrances	<u>(27,321)</u>	<u>(16,527)</u>	<u>1,200</u>
Budget Basis	<u>\$ 18,970</u>	<u>\$(52,438)</u>	<u>\$ 44,530</u>

Net Income/Excess of Revenues Over Expenses
Enterprise Fund

GAAP Basis	\$ 16,306
Net Adjustment for Revenue Accruals	(14,128)
Net Adjustment for Expense Accruals	11,422
Depreciation Expense	<u>1,940</u>
Budget Basis	<u>\$ 15,540</u>

Note 4 - Accountability and Compliance

The enterprise fund had deficit retained earnings at June 30, 2003:

<u>Deficit Retained Earnings</u>	
Enterprise Fund:	
Food Service Fund	\$ 69,937

The food service fund concluded fiscal year 2003 with deficit retained earnings of (\$69,937) compared to (\$86,243) at the end of fiscal year 2002. Management is analyzing the food service operations to determine appropriate action to alleviate the deficit.

Note 5 - Cash and Cash Equivalents

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

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

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 5 - Cash and Cash Equivalents (Continued)

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

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

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

Interim monies are to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures or other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions; and,
6. The State Treasurer's investment pool (STAR Ohio);

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

The following information classifies deposits and investments by categories of custodial credit risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements."

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 5 - Cash and Cash Equivalents (Continued)

Deposits:

At fiscal year-end, the carrying amount of the School District's deposits, including segregated accounts, was \$1,052,296 and the bank balance was \$1,117,157. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$917,157 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the School District's deposits to a successful claim by the FDIC.

Investments:

The School District's investments are required to be categorized below to give an indication of the level of custodial credit risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form, and had a carrying amount and fair value of \$149,022 at June 30, 2003.

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

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$1,201,318	\$ 0
STAROhio	<u>(149,022)</u>	<u>149,022</u>
GASB Statement No. 3	<u>\$1,052,296</u>	<u>\$ 149,022</u>

Note 6 - Property Taxes

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

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 6 - Property Taxes (Continued)

Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property tax revenue received in calendar year 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, state statute permits later payment dates to be established. Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar year 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Tuscarawas County. The County Auditor periodically advances to the School district its portion of the taxes collected. Second-half real property tax payments collected by the county by June 30, 2003, are available to finance fiscal year 2004 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent real property, personal property and public utility taxes which became measurable as of June 30, 2003, 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 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$142,184 in the general fund and \$6,421 in the permanent improvement capital projects fund. The amount available as an advance at June 30, 2002 was \$118,657 in the general fund and \$5,119 in the permanent improvement capital projects fund.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	<u>First Half Amount</u>	<u>Collections Percent</u>	<u>Second Half Amount</u>	<u>Collections Percent</u>
Agricultural/Residential & Other Real Estate	\$48,931,070	88.6%	\$54,628,610	89.6%
Public Utility Personal	2,117,750	3.8%	2,117,750	3.5%
Tangible Personal Property	<u>4,199,350</u>	<u>7.6%</u>	<u>4,199,350</u>	<u>6.9%</u>
Total	<u>\$55,248,170</u>	<u>100.0%</u>	<u>\$60,945,710</u>	<u>100.0%</u>
Tax rate per \$1,000	\$23.16		\$23.18	

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 7 - Receivables

Receivables at June 30, 2003, consisted of taxes, intergovernmental grants receivable, accounts receivable and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds.

Note 8 - Jointly Governed Organizations and Insurance Purchasing Pool

A. Jointly Governed Organizations

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

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

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

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

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

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

B. Insurance Purchasing Pool

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

Note 9 - Fixed Assets

The general fixed assets account group has been restated as of July 1, 2002 due to a change in the capitalization policy.

	Balance <u>July 1, 2002</u>	Corrections	Restated Balance <u>July 1, 2002</u>
Land & Improvements	\$ 712,320	\$ 0	\$ 712,320
Buildings & Improvements	1,354,097	0	1,354,097
Furniture & Equipment	1,349,771	(471,401)	878,370
Vehicles	<u>410,827</u>	<u>0</u>	<u>410,827</u>
Total	<u>\$3,827,015</u>	<u>\$(471,401)</u>	<u>\$3,355,614</u>

The changes in general fixed assets during the year consisted of:

	Balance <u>July 1, 2002</u>	Additions	Deletions	Balance <u>June 30, 2003</u>
Land & Improvements	\$ 712,320	\$ 0	\$ 0	\$ 712,320
Buildings & Improvements	1,354,097	0	0	1,354,097
Furniture & Equipment	878,370	13,465	0	891,835
Vehicles	<u>410,827</u>	<u>0</u>	<u>0</u>	<u>410,827</u>
Total	<u>\$3,355,614</u>	<u>\$ 13,465</u>	<u>\$ 0</u>	<u>\$3,369,079</u>

There was no significant construction in progress at June 30, 2003.

The enterprise fund fixed assets has been restated as of July 1, 2002 due to a change in the capitalization policy.

	Balance <u>July 1, 2002</u>	Correction	Restated Balance <u>July 1, 2002</u>
Furniture & Equipment	\$ 62,153	\$ (10,332)	\$ 51,821
Accumulated Depreciation	<u>(45,024)</u>	<u>6,441</u>	<u>(38,583)</u>
Total	<u>\$ 17,129</u>	<u>\$ (3,891)</u>	<u>\$ 13,238</u>

The changes in enterprise fund assets during the year consisted of:

	Balance <u>July 1, 2002</u>	Additions	Deletions	Balance <u>June 30, 2003</u>
Furniture & Equipment	\$ 51,821	\$ 0	\$ 0	\$ 51,821
Accumulated Depreciation	<u>(38,583)</u>	<u>1,940</u>	<u>0</u>	<u>(40,523)</u>
Total	<u>\$ 13,238</u>	<u>\$ 1,940</u>	<u>\$ 0</u>	<u>\$ 11,298</u>

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Indiana Insurance Company for property insurance. Indiana Insurance Company also covers boiler and machinery with a \$1,000 deductible and inland marine coverage with a \$500 deductible.

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

For the fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 8). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 11 - Defined Benefit Pension Plan

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments and death and survivor benefits to members and beneficiaries. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allow members to place all their member contribution and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 11 - Defined Benefit Pension Plan (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members are required to contribute 9.3 percent of their annual covered salary. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For the fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations for the fiscal years ending June 30, 2003, 2002 and 2001 were \$273,669, \$183,703, and \$180,773, respectively; 82.2 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001.

B. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. The School Employees Retirement System issues a publicly available, stand-alone, financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for the fiscal year 2003, 8.17 percent of annual covered salary was the portion to fund pension obligations. For the fiscal year 2002, 5.46 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions to SERS for the fiscal years ending June 30, 2003, 2002 and 2001 were \$37,432, \$26,255, and \$19,299, respectively; 51.5 percent has been contributed for fiscal year 2003 and 100 percent for the fiscal years 2002 and 2001.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose social security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2003, one of the board of education members has elected social security. The board's liability is 6.2 percent of wages paid.

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 12 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Reserve Fund. For the School District this amount equaled \$21,051 during fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.011 billion at June 30, 2002 (the latest information available). For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 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, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund healthcare benefits, including surcharge, equaled \$26,711 during the 2003 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 13 - Other Employee Benefits

A. Compensated Absences

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to 200 days for certified employees and 198 days for classified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulated, up to a maximum of 51 days for certified employees and a maximum of 48 days for classified employees. Any employee receiving such payment must meet the retirement provisions set by STRS or SERS.

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 13 - Other Employee Benefits (Continued)

B. Insurances

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

Note 14 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2003, were as follows:

General Long-Term Obligations Account Group

	<u>Outstanding July 1, 2002</u>	<u>Additions</u>	<u>Deletions</u>	<u>Outstanding June 30, 2003</u>
Compensated Absences	\$ 274,928	\$ 0	\$ 15,545	\$ 259,383
Intergovernmental Payable	<u>12,268</u>	<u>13,612</u>	<u>12,268</u>	<u>13,612</u>
Total	<u>\$ 287,196</u>	<u>\$ 13,612</u>	<u>\$ 27,813</u>	<u>\$ 272,995</u>

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

The School District's overall legal debt margin was \$5,611,968, with an unvoted debt margin of \$62,355 at June 30, 2003.

Note 15 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

The School District is not party to any legal proceedings.

Note 16 - School Funding Decision

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding decision is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

Strasburg-Franklin Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003
(Continued)

Note 16 - School Funding Decision (Continued)

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.

Note 17 - Set-Aside Calculations and Fund Reserves

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

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

	<u>Textbook & Materials</u>	<u>Capital Improvement</u>	<u>Budget Stabilization</u>
<u>Set-Aside Reserve</u>			
Balance as of July 1, 2002	\$ 0	\$ 0	\$ 17,021
Current Year Set-Aside Requirement	90,551	90,551	0
Qualifying Disbursements	(73,266)	(7,877)	0
Offsets for the Current Year	<u>(33,639)</u>	<u>(62,813)</u>	<u>0</u>
Set-Aside Balance Carried Forward	<u>\$ (16,354)</u>	<u>\$ 0</u>	<u>\$ 17,021</u>
Required Set-Aside Balance as of June 30, 2003	<u>\$ 0</u>	<u>\$ 19,861</u>	<u>\$ 17,021</u>

The total of Restricted Assets: Equity in Pooled Cash and Cash Equivalents on the Balance Sheet is \$36,882.

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 requirement in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$36,882.

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**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of Strasburg-Franklin Local School District, Tuscarawas County, Ohio, (the District) as of and for the year ended June 30, 2003, and have issued our report thereon dated November 17, 2003, in which we noted the District changed its fixed asset capitalization threshold. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 17, 2003.

Internal Control Over Financial Reporting

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 17, 2003.

This report is intended for the information and use of the management and the 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

November 17, 2003



**Auditor of State
Betty Montgomery**

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STRASBURG-FRANKLIN CITY SCHOOL DISTRICT

TUSCARAWAS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 23, 2003**