



Mary Taylor, CPA  
Auditor of State



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT

Trimble Local School District  
Athens County  
One Tomcat Drive  
Glouster, Ohio 45732

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these 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 the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio, as of June 30, 2007, and the respective changes in financial position, thereof and the budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 10, 2008, 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 grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information accounting principles generally accepted in the United States of America requires. We have applied certain limited procedures, consisting principally of inquiries of management regarding the methods of measuring and presenting the required supplementary information. However, we did not audit the information and express no opinion on it.

We conducted our audit to opine on the financial statements that collectively comprise the District's basic financial statements. The Schedule of Federal Awards Receipts and Expenditures is required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the basic financial statements. We subjected the Schedule of Federal Awards Receipts and Expenditures to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads "Mary Taylor".

**Mary Taylor, CPA**  
Auditor of State

July 10, 2008

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited**

The discussion and analysis of the financial performance of Trimble Local School District (the District) provides an overall review of the District's financial activities for the fiscal year ended June 30, 2007. The intent of this discussion and analysis is to look at the District's financial performance as a whole; readers should also review the basic financial statements and notes to enhance their understanding of the District's financial performance.

**Financial Highlights**

Key financial highlights for fiscal year 2007 are as follows:

- Net assets of governmental activities decreased \$601,462.
- General revenues accounted for \$6,326,191 in revenue or 62 percent of all revenues. Program specific revenues in the form of charges for services, grants, contributions, and interest accounted for \$3,862,610 or 38 percent of total revenues of \$10,188,801.
- The District had \$10,790,263 in expenses related to governmental activities; only \$3,862,610 of these expenses was offset by program specific charges for services, grants, contributions, and interest. General revenues of \$6,326,191 were not adequate to provide for these programs.
- Program expenses totaled \$10,790,263. Instructional expenses made up \$5,669,702 or 52 percent of this total while support services accounted for \$3,965,399, or 37 percent. Other expenses of \$1,155,162 rounded out the remaining 11 percent.
- The District's has two major funds: the General Fund and the Bond Retirement Debt Service Fund. The General Fund had \$7,277,431 in revenues and other financing sources and \$7,521,847 in expenditures and other financing uses. The General Fund's balance decreased \$244,416. The Bond Retirement Debt Service Fund had \$885,165 in revenues and other financing sources and \$872,467 in expenditures and other financing uses. The Bond Retirement Debt Service Fund's balance increased by \$12,698.

**Using the Basic Financial Statements**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand the District as a financial whole or as an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities and conditions.

The statement of net assets and statement of activities provide information about the activities of the whole District, presenting both an aggregate view of the District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the District's most significant funds with all other non-major funds presented in total in one column.

**Reporting the District as a Whole**

**Statement of Net Assets and Statement of Activities**

While this document contains information about the large number of funds used by the District to provide programs and activities for students, the view of the District as a whole looks at all financial transactions and asks the question, "How did we do financially during fiscal year 2007?" The statement of net assets and the statement of activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

These two statements report the District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the District as a whole, the financial position of the District has improved or diminished. The causes of this change may be the result of many factors, some financial, some not. Non-financial factors include the District's property tax base, current property tax laws in Ohio restricting revenue growth, facility conditions, required educational programs, and other factors.

In the statement of net assets and the statement of activities, all of the District's programs and services are reported as governmental activities including instruction, support services, operation of non-instructional services, bond service operations, and extracurricular activities.

**Reporting the District's Most Significant Funds**

**Fund Financial Statements**

Fund financial reports provide detailed information about the District's major funds. The District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the District's most significant funds. The District's major governmental funds are the General Fund and the Bond Retirement Debt Service Fund.

**Governmental Funds** - Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at fiscal year end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general governmental operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the statement of net assets and the statement of activities) and governmental funds is reconciled in the financial statements.



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**The District as a Whole**

Recall that the statement of net assets provides the perspective of the District as a whole. Table 1 provides a summary of the District's net assets for 2007 compared to 2006.

**Table 1  
Net Assets  
Governmental Activities**

|   | <b>2007</b>  | <b>2006</b>  |
|---|--------------|--------------|
| <b><u>Assets</u></b>                            |              |              |
| Current and Other Assets                        | \$2,152,704  | \$2,112,929  |
| Capital Assets, Net                             | 15,700,132   | 16,200,538   |
| Total Assets                                    | 17,852,836   | 18,313,467   |
| <b><u>Liabilities</u></b>                       |              |              |
| Other Liabilities                               | 2,280,600    | 2,039,775    |
| Long-Term Liabilities                           | 1,652,097    | 1,752,091    |
| Total Liabilities                               | 3,932,697    | 3,791,866    |
| <b><u>Net Assets</u></b>                        |              |              |
| Invested in Capital Assets, Net of Related Debt | 14,710,210   | 15,106,896   |
| Restricted                                      | 354,470      | 313,728      |
| Unrestricted                                    | (1,144,541)  | (899,023)    |
| Total   | \$13,920,139 | \$14,521,601 |

Over time, net assets can serve as a useful indicator of a government's financial position. At June 30, 2007, the District's assets exceeded liabilities by \$13,920,139. By comparing assets and liabilities, one can see the overall position of the District as evidenced by the decrease in net assets of \$601,462.

A portion of the District's net assets, \$354,470, represents resources that are subject to external restrictions on how they may be used. There remains a negative balance of unrestricted net assets of \$1,144,541, which is not sufficient to provide for the District's ongoing obligations to the students and creditors.

At fiscal year-end, capital assets represented 88 percent of total assets. Capital assets include land, land improvements, buildings and improvements, furniture, fixtures, equipment, and vehicles. Capital assets, net of related debt to acquire the assets at June 30, 2007 were \$14,710,210. These capital assets are used to provide services to the students and are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay the debt must be provided from other sources, since capital assets are not liquidated to reduce these liabilities.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

Table 2 shows the changes in net assets for the fiscal year ended June 30, 2007. Comparisons to 2006 have been included, as follows:

**Table 2  
Change in Net Assets  
Governmental Activities**

|  | 2007        | 2006       |
|--|-------------|------------|
| <b><u>Revenues</u></b>                       |             |            |
| Program Revenues:                            |             |            |
| Charges for Services and Sales               | \$683,554   | \$603,979  |
| Operating Grants, Contributions and Interest | 3,179,056   | 2,301,791  |
| Capital Grants and Contributions             |             | 11,648     |
| Total Program Revenues                       | 3,862,610   | 2,917,418  |
| General Revenues:                            |             |            |
| Property Taxes                               | 895,254     | 885,185    |
| Income Taxes                                 | 987         | 12,877     |
| Grants and Entitlements                      | 5,315,921   | 6,352,560  |
| Gifts and Donations                          | 21,888      | 3,153      |
| Investment Earnings                          | 14,100      | 7,518      |
| Miscellaneous                                | 75,041      | 62,579     |
| Proceeds for Sale of Capital Assets          | 3,000       |            |
| Total General Revenues                       | 6,326,191   | 7,323,872  |
| Total Revenues                               | 10,188,801  | 10,241,290 |
| <b><u>Expenses</u></b>                       |             |            |
| Instruction:                                 |             |            |
| Regular                                      | 3,542,162   | 3,453,038  |
| Special                                      | 1,398,273   | 1,472,874  |
| Vocational                                   | 50,443      | 50,708     |
| Other  | 678,824     | 665,660    |
| Support Services:                            |             |            |
| Pupils                                       | 428,812     | 355,227    |
| Instructional Staff                          | 634,288     | 453,038    |
| Board of Education                           | 127,095     | 185,665    |
| Administration                               | 794,840     | 769,016    |
| Fiscal                                       | 411,902     | 273,473    |
| Operation and Maintenance of Plant           | 981,938     | 855,629    |
| Pupil Transportation                         | 577,541     | 608,474    |
| Central                                      | 8,983       | 2,682      |
| Non-Instructional                            | 475,730     | 456,955    |
| Extracurricular Activities                   | 149,953     | 152,030    |
| Capital Outlay                               | 448,520     | 448,518    |
| Interest and Fiscal Charges                  | 80,959      | 76,925     |
| Total Expenses                               | 10,790,263  | 10,279,912 |
| Decrease in Net Assets                       | (\$601,462) | (\$38,622) |

Net assets of the District's governmental activities decreased by \$601,462 in fiscal year 2007. Program revenues of \$3,862,610 and general revenue of \$6,326,191 did not offset total governmental expenses of \$10,790,263. Program revenues supported 36 percent of total governmental expenses.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

The primary sources of revenue for governmental activities are derived from property taxes and grants and entitlements. These two revenue sources represent 98 percent of total general revenue. Grants and entitlements, alone, represent 84 percent of revenues. Income taxes, interest income, and miscellaneous revenue account for the remaining 2 percent.

Instruction comprises approximately 52 percent of governmental program expenses. Additional supporting services for pupils, staff and business operations encompassed an additional 37 percent. The remaining 11 percent of program expenses is used for other obligations of the District such as non-instructional service, extracurricular activities, capital outlay, and interest and fiscal charges.

The statement of activities shows the cost of program services and the charges for services, grants, contributions, and interest earnings offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of those services supported by tax revenue and unrestricted state entitlements.

**Table 3  
Governmental Activities**

|                                    | <u>Total Cost of<br/>Services</u> | <u>Net Cost of<br/>Services</u> | <u>Total Cost of<br/>Services</u> | <u>Net Cost of<br/>Services</u> |
|------------------------------------|-----------------------------------|---------------------------------|-----------------------------------|---------------------------------|
|                                    | <u>2007</u>                       | <u>2007</u>                     | <u>2006</u>                       | <u>2006</u>                     |
| Instruction:                       |                                   |                                 |                                   |                                 |
| Regular                            | \$3,542,162                       | \$2,770,183                     | \$3,453,038                       | \$2,123,570                     |
| Special                            | 1,398,273                         | 348,273                         | 1,472,874                         | 454,684                         |
| Vocational                         | 50,443                            | 33,040                          | 50,708                            | 50,708                          |
| Other                              | 678,824                           | 678,824                         | 665,660                           | 665,660                         |
| Support Services:                  |                                   |                                 |                                   |                                 |
| Pupils                             | 428,812                           | 377,438                         | 355,227                           | 342,758                         |
| Instructional Staff                | 634,288                           | (164,547)                       | 453,038                           | 329,282                         |
| Board of Education                 | 127,095                           | 127,095                         | 185,665                           | 185,665                         |
| Administration                     | 794,840                           | 794,840                         | 769,016                           | 769,016                         |
| Fiscal                             | 411,902                           | 411,902                         | 273,473                           | 273,473                         |
| Operation and Maintenance of Plant | 981,938                           | 936,086                         | 855,629                           | 855,629                         |
| Pupil Transportation               | 577,541                           | 528,317                         | 608,474                           | 608,474                         |
| Central                            | 8,983                             | 8,983                           | 2,682                             | 2,682                           |
| Non-Instructional                  | 475,730                           | 40,259                          | 456,955                           | 82,294                          |
| Extracurricular Activities         | 149,953                           | (492,519)                       | 152,030                           | 93,156                          |
| Capital Outlay                     | 448,520                           | 448,520                         | 448,518                           | 448,518                         |
| Interest and Fiscal Charges        | 80,959                            | 80,959                          | 76,925                            | 76,925                          |
| Total Expenses                     | <u>\$10,790,263</u>               | <u>\$6,927,653</u>              | <u>\$10,279,912</u>               | <u>\$7,362,494</u>              |

The dependence upon tax and other general revenues for governmental activities is apparent. Ohio law requires County Auditors to reappraise all real property every six years. In Athens County, the last reappraisal was completed in 2002. As a result of the latest update, the District's valuation increased approximately \$7,000,000. The next comprehensive reappraisal of property values will occur in 2008. Slow valuation appeals from existing property owners seeking to reduce their taxes usually by claiming market value decreases resulting from area economic factors. Local economic conditions, in fact, are the major reason that the District has not sought additional operating millage.

The unique nature of property taxes in Ohio does not allow for revenue increases caused by inflationary growth of real property. Increases in valuation prompt corresponding annual reductions in the "effective millage," the tax rate applied to real property.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

**The District's Funds**

The District's major funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$10,790,733 and expenditures of \$11,099,961.

**General Fund Budgeting Highlights**

The District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

During the course of fiscal 2007, the District amended its General Fund budget, but not significantly. The District uses a modified site-based budgeting technique that is designed to tightly control total site budgets but provide flexibility for site management.

For the General Fund, the final budget basis revenue was \$7,417,631, above original estimates of \$7,315,224. The \$102,407 difference was due to inflated intergovernmental estimates, based on the State's budget reduction.

The District's ending unobligated General Fund balance was \$197,886.

**Capital Assets and Debt Administration**

**Capital Assets**

At the end of fiscal year 2007, the District had \$15,700,132 invested in land, buildings, furniture and equipment, and vehicles. Table 4 shows fiscal year 2007 balances compared to 2006.

**Table 4  
Capital Assets  
(Net of Depreciation)**

|                            | <b>Governmental Activities</b> |                     |
|----------------------------|--------------------------------|---------------------|
|                            | <b>2007</b>                    | <b>2006</b>         |
| Land and Land Improvements | \$11,649                       | \$129,146           |
| Buildings and Improvements | 15,067,128                     | 15,388,961          |
| Furniture and Equipment    | 497,296                        | 507,995             |
| Vehicles                   | 124,059                        | 174,436             |
| <b>Totals</b>              | <b>\$15,700,132</b>            | <b>\$16,200,538</b> |

For additional information on capital assets, see the notes to the basic financial statements.

**Debt**

At June 30, 2007, the District had general obligation bonds outstanding of \$910,000 and \$79,922 in capital leases. The leases are for copiers. For additional information on debt, see the notes to the basic financial statements.

**Current Issues**

The goal of the District continues to be to maintain the highest standards of service to our students, parents, and community. In keeping with its mission statement, the Board of Education has adopted a Comprehensive Continuous School Improvement Plan. The goal is ultimately to narrow the gap between the highest and lowest achieving students leading to total academic success.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Management's Discussion and Analysis  
For the Fiscal Year Ended June 30, 2007  
Unaudited  
(Continued)**

The mission of the District is to ensure that all students reach their fullest potential by using the best physical and human resources in partnership with family and community. In order to meet the goals and mission stated above, it is imperative that the District's management and staff continue to carefully and prudently plan in order to provide the resources and education required to meet student needs over the next several years.

The financial future of the District is not without its challenges. These challenges are external and internal in nature. The internal challenges will continue to exist, as the District must rely heavily on local property taxes and State subsidies to fund its operations. Due to slow economic growth, the District does not foresee any sustainable growth in revenue from property taxes or State subsidies. Thus management must diligently plan expenses from the modest growth attained, staying carefully within its five-year forecast. Additional revenues from what was estimated must not be treated as a windfall to expand programs but as an opportunity to extend the time horizon of the five-year forecast.

Externally, the District is largely dependent on State funding sources (nearly 80 percent of the District's operating funds come from State foundation payments and other entitlements). State foundation revenue is fundamentally a function of student enrollment and a district's property tax wealth. The District has seen a slight decline in student enrollment in recent years and while State revenue growth has shifted toward school districts with low property tax wealth, declining enrollment has served to somewhat offset any increase in State funding.

Although higher per-pupil funding has helped the District lessen the impact of required budget cuts, much of the positive impact has been offset by other negative financial factors that occurred in the past year (decreasing enrollment, lower interest earnings, higher insurance costs, and State budget cuts in education). In the long run, the fact is that as long as the State avoids the complete systematic overhaul the Supreme Court ordered in its initial ruling, all schools in Ohio will be faced with the same problem in the future-either increasing its revenues (passing levies) or decreasing its expenditures (making budget cuts).

On the upside, the District has improved its financial position over the past several years, and has increased its cash balance carry-over in each of the last five years.

As the preceding information shows, the District depends upon its taxpayers. Although the District has tightened spending to better bring expenditures in line with revenues, and carefully watched financial planning, this must continue if the District hopes to remain on firm financial footing.

**Contacting the District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, and investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact Cindy Rhonemus, Treasurer at Trimble Local School District, One Tomcat Drive, Glouster, Ohio 45732.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Net Assets  
June 30, 2007**

|  | <u><b>Governmental<br/>Activities</b></u> |
|--|---|
| <b>Assets:</b>                                   |   |
| Equity in Pooled Cash and Cash Equivalents       | \$ 710,350                                |
| Cash and Cash Equivalents in Segregated Accounts | 339                                       |
| Materials and Supplies Inventory                 | 17,215                                    |
| Accrued Interest Receivable                      | 19  |
| Accounts Receivable                              | 923                                       |
| Intergovernmental Receivable                     | 252,398                                   |
| Taxes Receivable                                 | 1,170,884                                 |
| Income Taxes Receivable                          | 576                                       |
| Non-Depreciable Capital Assets                   | 55,370                                    |
| Depreciable Capital Assets, net                  | 15,644,762                                |
| Total Assets                                     | <u>17,852,836</u>                         |
| <br><b>LIABILITIES:</b>                          |   |
| Accounts Payable                                 | 2,386                                     |
| Accrued Wages and Benefits                       | 1,062,939                                 |
| Intergovernmental Payable                        | 216,116                                   |
| Accrued Interest Payable                         | 3,477                                     |
| Deferred Revenue                                 | 995,682                                   |
| Long-Term Liabilities:                           |   |
| Due Within One Year                              | 148,138                                   |
| Due in More Than One Year                        | 1,503,959                                 |
| Total Liabilities                                | <u>3,932,697</u>                          |
| <br><b>NET ASSETS:</b>                           |   |
| Invested in Capital Assets, Net of Related Debt  | 14,710,210                                |
| Restricted for Debt Service                      | 353,363                                   |
| Restricted for Capital Outlay                    | 748                                       |
| Restricted for Other Purposes                    | 359                                       |
| Unrestricted                                     | (1,144,541)                               |
| Total Net Assets                                 | <u>\$ 13,920,139</u>                      |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Activities  
For the Fiscal Year Ended June 30, 2007**

|   | Program Revenues                     |  | Net(Expense)<br>Revenue and<br>Changes in Net<br>Assets |                    |
|---|--------------------------------------|--|---|--------------------|
| Expenses  | Charges for<br>Services and<br>Sales | Operating<br>Grants and<br>Contributions | Governmental<br>Activities                              |                    |
| Governmental Activities:                                    |                                      |  |   |                    |
| Instruction:  |                                      |  |   |                    |
| Regular   | \$ 3,542,162                         | \$ 535,550                               | \$ 236,429  | \$ (2,770,183)     |
| Special   | 1,398,273                            |  | 1,050,000   | (348,273)          |
| Vocational  | 50,443                               |  | 17,403  | (33,040)           |
| Other   | 678,824                              |  |   | (678,824)          |
| Support Services:   |                                      |  |   |                    |
| Pupils  | 428,812                              |  | 51,374  | (377,438)          |
| Instructional Staff   | 634,288                              |  | 798,835   | 164,547            |
| Board of Education  | 127,095                              |  |   | (127,095)          |
| Administration  | 794,840                              |  |   | (794,840)          |
| Fiscal  | 411,902                              |  |   | (411,902)          |
| Operation and Maintenance of Plant                          | 981,938                              |  | 45,852  | (936,086)          |
| Pupil Transportation  | 577,541                              |  | 49,224  | (528,317)          |
| Central   | 8,983                                |  |   | (8,983)            |
| Operation of Non-Instructional Services                     | 475,730                              | 92,547                                   | 342,924   | (40,259)           |
| Extracurricular Activities                                  | 149,953                              | 55,457                                   | 587,015   | 492,519            |
| Capital Outlay  | 448,520                              |  |   | (448,520)          |
| Interest and Fiscal Charges                                 | 80,959                               |  |   | (80,959)           |
| <b>Totals</b>   | <b>\$ 10,790,263</b>                 | <b>\$ 683,554</b>                        | <b>\$ 3,179,056</b>                                     | <b>(6,927,653)</b> |
| General Revenues:   |                                      |  |   |                    |
| Taxes:  |                                      |  |   |                    |
| Property Taxes, Levied for General Purposes                 |                                      |  | 683,585   |                    |
| Property Taxes, Levied for Debt Service                     |                                      |  | 196,468   |                    |
| Property Taxes, Levied for Other                            |                                      |  | 15,201  |                    |
| Income Taxes  |                                      |  | 987   |                    |
| Grants and Entitlements not Restricted to Specific Programs |                                      |  | 5,315,921   |                    |
| Gifts and Donations   |                                      |  | 21,888  |                    |
| Investment Earnings   |                                      |  | 14,100  |                    |
| Miscellaneous   |                                      |  | 75,041  |                    |
| Proceeds from Sale of Capital Assets                        |                                      |  | 3,000   |                    |
| <b>Total General Revenues</b>                               |                                      |  | <b>6,326,191</b>  |                    |
| <b>Change in Net Assets</b>                                 |                                      |  | <b>(601,462)</b>  |                    |
| <b>Net Assets Beginning of Year</b>                         |                                      |  | <b>14,521,601</b>                                       |                    |
| <b>Net Assets End of Year</b>                               |                                      |  | <b>\$ 13,920,139</b>                                    |                    |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Balance Sheet  
Governmental Funds  
June 30, 2007**

|  | <b>General Fund</b> | <b>Bond<br/>Retirement<br/>Fund</b> | <b>Other<br/>Governmental<br/>Funds</b> | <b>Total<br/>Governmental<br/>Funds</b> |
|--|---------------------|-------------------------------------|---|---|
| <b>Assets</b>                                      |                     |                                     |   |   |
| Current Assets:                                    |                     |                                     |   |   |
| Equity in Pooled Cash and Cash Equivalents         | \$ 201,066          | \$ 323,758                          | \$ 185,526                              | \$ 710,350                              |
| Cash and Cash Equivalents in Segregated Accounts   |                     |                                     | 339                                     | 339                                     |
| Materials and Supplies Inventory                   | 10,543              |                                     | 6,672                                   | 17,215                                  |
| Accrued Interest Receivable                        | 19                  |                                     |   | 19                                      |
| Accounts Receivable                                | 10                  |                                     | 913                                     | 923                                     |
| Interfund Receivable                               | 5,335               |                                     |   | 5,335                                   |
| Intergovernmental Receivable                       | 102,998             |                                     | 149,400                                 | 252,398                                 |
| Taxes Receivable                                   | 935,178             | 218,537                             | 17,169                                  | 1,170,884                               |
| Income Taxes Receivable                            | 576                 |                                     |   | 576                                     |
| <b>Total Assets</b>                                | <b>\$ 1,255,725</b> | <b>\$ 542,295</b>                   | <b>\$ 360,019</b>                       | <b>\$ 2,158,039</b>                     |
| <b>Liabilities</b>                                 |                     |                                     |   |   |
| Current Liabilities:                               |                     |                                     |   |   |
| Accounts Payable                                   | \$1,070             |                                     | \$1,316                                 | \$2,386                                 |
| Accrued Wages and Benefits                         | 828,374             |                                     | 234,565                                 | 1,062,939                               |
| Interfund Payable                                  |                     |                                     | 5,335                                   | 5,335                                   |
| Intergovernmental Payable                          | 164,775             |                                     | 51,341                                  | 216,116                                 |
| Deferred Revenue                                   | 908,305             | \$211,792                           | 153,923                                 | 1,274,020                               |
| <b>Total Liabilities</b>                           | <b>1,902,524</b>    | <b>211,792</b>                      | <b>446,480</b>                          | <b>2,560,796</b>                        |
| <b>Fund Balances</b>                               |                     |                                     |   |   |
| Reserved:  |                     |                                     |   |   |
| Reserved for Encumbrances                          | 2,105               |                                     | 48,534                                  | 50,639                                  |
| Reserved for Property Taxes                        | 26,873              | 6,745                               | 474                                     | 34,092                                  |
| Reserved for Textbooks and Instructional Materials | 14,439              |                                     |   | 14,439                                  |
| Reserved for Unclaimed Monies                      | 1,476               |                                     |   | 1,476                                   |
| Unreserved, Designated for:                        | 1,959               |                                     |   | 1,959                                   |
| Unreserved, Undesignated, Reported in:             |                     |                                     |   |   |
| General Fund                                       | (693,651)           |                                     |   | (693,651)                               |
| Special Revenue Funds                              |                     |                                     | (136,325)                               | (136,325)                               |
| Debt Service Funds                                 |                     | 323,758                             |   | 323,758                                 |
| Capital Projects Funds                             |                     |                                     | 856                                     | 856                                     |
| <b>Total Fund Balances</b>                         | <b>(646,799)</b>    | <b>330,503</b>                      | <b>(86,461)</b>                         | <b>(402,757)</b>                        |
| <b>Total Liabilities and Fund Balances</b>         | <b>\$ 1,255,725</b> | <b>\$ 542,295</b>                   | <b>\$ 360,019</b>                       | <b>\$ 2,158,039</b>                     |

See Accompanying Notes to the Basic Financial Statements



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Reconciliation of Total Governmental Fund Balances  
to Net Assets of Governmental Activities  
June 30, 2007**

|  |                             |                   |
|--|-----------------------------|-------------------|
| Total Governmental Fund Balances   | \$                          | (402,757)         |
| Amounts reported for governmental activities on the statement of net assets are different because of the following:    |                             |                   |
| Capital assets used in governmental activities are not financial resources and, therefore, not reported in the funds.  |                             | 15,700,132        |
| Taxes and Grants Receivable that do not provide financial resources are not reported as revenues in governmental fund. |                             | 278,338           |
| Some liabilities are not due and payable in the current period and, therefore, not reported in the funds:              |                             |                   |
| Accrued Interest Payable   | (3,477)                     |                   |
| General Obligation Bonds Payable   | (910,000)                   |                   |
| Leases Payable   | (79,922)                    |                   |
| Compensated Absences Payable   | (662,175)                   |                   |
|  | <u>                    </u> | (1,655,574)       |
| Net Assets of Governmental Activities  | <u>\$</u>                   | <u>13,920,139</u> |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Fiscal Year Ended June 30, 2007**

|  | <u>General Fund</u> | <u>Bond<br/>Retirement<br/>Fund</u> | <u>All Other<br/>Governmental<br/>Funds</u> | <u>Total<br/>Governmental<br/>Funds</u> |
|--|---------------------|-------------------------------------|---|---|
| <b>REVENUES:</b>                             |                     |                                     |   |   |
| Property and Other Local Taxes               | \$ 713,593          | \$ 170,131                          | \$ 13,132                                   | \$ 896,856                              |
| Income Tax                                   | 987                 |                                     |   | 987                                     |
| Intergovernmental                            | 5,973,185           | 24,997                              | 2,389,076                                   | 8,387,258                               |
| Interest                                     | 14,070              |                                     | 30  | 14,100                                  |
| Tuition and Fees                             | 535,368             |                                     |   | 535,368                                 |
| Rent   | 182                 |                                     |   | 182                                     |
| Extracurricular Activities                   |                     |                                     | 55,457                                      | 55,457                                  |
| Gifts and Donations                          | 21,000              |                                     | 888   | 21,888                                  |
| Customer Sales and Services                  |                     |                                     | 92,547                                      | 92,547                                  |
| Miscellaneous                                | 16,046              |                                     | 58,995                                      | 75,041                                  |
| Total Revenues                               | <u>7,274,431</u>    | <u>195,128</u>                      | <u>2,610,125</u>                            | <u>10,079,684</u>                       |
| <b>EXPENDITURES:</b>                         |                     |                                     |   |   |
| Current:                                     |                     |                                     |   |   |
| Instruction:                                 |                     |                                     |   |   |
| Regular                                      | 2,921,123           |                                     | 587,643                                     | 3,508,766                               |
| Special                                      | 867,624             |                                     | 523,216                                     | 1,390,840                               |
| Vocational                                   | 48,203              |                                     |   | 48,203                                  |
| Other  | 597,346             |                                     | 81,478                                      | 678,824                                 |
| Support Services:                            |                     |                                     |   |   |
| Pupils                                       | 118,282             |                                     | 313,325                                     | 431,607                                 |
| Instructional Staff                          | 100,534             |                                     | 584,131                                     | 684,665                                 |
| Board of Education                           | 127,095             |                                     |   | 127,095                                 |
| Administration                               | 750,581             |                                     | 39,213                                      | 789,794                                 |
| Fiscal                                       | 405,784             | 4,622                               | 347   | 410,753                                 |
| Operation and Maintenance of Plant           | 917,358             |                                     | 48,898                                      | 966,256                                 |
| Pupil Transportation                         | 527,586             |                                     | 1,049                                       | 528,635                                 |
| Central                                      | 8,983               |                                     |   | 8,983                                   |
| Operation of Non-Instructional Services      |                     |                                     | 457,806                                     | 457,806                                 |
| Extracurricular Activities                   | 80,661              |                                     | 68,541                                      | 149,202                                 |
| Debt Service:                                |                     |                                     |   |   |
| Principal                                    | 28,720              | 98,743                              |   | 127,463                                 |
| Interest                                     | 3,955               | 81,658                              |   | 85,613                                  |
| Issuance Costs                               |                     | 11,571                              |   | 11,571                                  |
| Total Expenditures                           | <u>7,503,835</u>    | <u>196,594</u>                      | <u>2,705,647</u>                            | <u>10,406,076</u>                       |
| Excess of Revenues Over (Under) Expenditures | <u>(229,404)</u>    | <u>(1,466)</u>                      | <u>(95,522)</u>                             | <u>(326,392)</u>                        |
| <b>OTHER FINANCING SOURCES AND USES:</b>     |                     |                                     |   |   |
| Transfers In                                 |                     |                                     | 18,012                                      | 18,012                                  |
| Refunding Bonds Issued                       |                     | 645,000                             |   | 645,000                                 |
| Premium on Refunding Bonds Issued            |                     | 45,037                              |   | 45,037                                  |
| Discount on Bonds and Notes Issued           |                     | (6,450)                             |   | (6,450)                                 |
| Proceeds from Sale of Capital Assets         | 3,000               |                                     |   | 3,000                                   |
| Transfers Out                                | (18,012)            |                                     |   | (18,012)                                |
| Payment to Refunded Bond Escrow Agent        |                     | (669,423)                           |   | (669,423)                               |
| Total Other Financing Sources and Uses       | <u>(15,012)</u>     | <u>14,164</u>                       | <u>18,012</u>                               | <u>17,164</u>                           |
| Net Change in Fund Balances                  | <u>(244,416)</u>    | <u>12,698</u>                       | <u>(77,510)</u>                             | <u>(309,228)</u>                        |
| Fund Balance (Deficit) at Beginning of Year  | <u>(402,383)</u>    | <u>317,805</u>                      | <u>(8,951)</u>                              | <u>(93,529)</u>                         |
| Fund Balance (Deficit) at End of Year        | <u>\$ (646,799)</u> | <u>\$ 330,503</u>                   | <u>\$ (86,461)</u>                          | <u>\$ (402,757)</u>                     |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Reconciliation of Statement of Revenues, Expenditures, and Changes in Fund Balances  
of Governmental Funds to the Statement of Activities  
For the Fiscal Year Ended June 30, 2007**

Net Change in Fund Balances - Total Governmental Funds \$ (309,228)

Amounts reported for governmental activities on the statement of activities are different because of the following:

Governmental funds report capital outlay as expenditures. However, on the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeds depreciation in the current year.

|   |                  |           |
|---|------------------|-----------|
| Capital Outlay - Depreciable Capital Assets | 109,727          |           |
| Depreciation                                | <u>(609,433)</u> |           |
|   |                  | (499,706) |

The proceeds from the sale of capital assets are reported as other financing sources in the governmental funds. However, the cost of the capital assets is removed from the capital asset account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain (loss) on disposal of capital assets on the statement of activities.

|   |  |       |
|---|--|-------|
| Gain (Loss) on Disposal of Capital Assets |  | (700) |
|---|--|-------|

Revenues on the statement of activities that do not provide current financial resources are not reported as revenues in governmental funds:

|                           |                |         |
|---------------------------|----------------|---------|
| Intergovernmental         | 107,719        |         |
| Delinquent Property Taxes | <u>(1,602)</u> |         |
|                           |                | 106,117 |

Repayment of principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities on the statements of activities.

748,720

In the statement of activities interest is accrued on outstanding bonds and notes, whereas in governmental funds, interest is expended when due.

4,654

Some expenses reported on the statement of activities, such as compensated absences do not require the use of current financial resources, therefore, are not reported as expenditures in governmental funds:

|                              |  |         |
|------------------------------|--|---------|
| Compensated Absences Payable |  | (3,726) |
|------------------------------|--|---------|

Other financing sources in the governmental funds increase long-term liabilities in the statement of net assets.

|                     |  |           |
|---------------------|--|-----------|
| Proceeds from Bonds |  | (647,593) |
|---------------------|--|-----------|

|   |  |                     |
|---|--|---------------------|
| Change in Net Assets of Governmental Activities |  | <u>\$ (601,462)</u> |
|---|--|---------------------|

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Revenues, Expenditures, and Changes in Fund Balance  
Budget (Non-GAAP Basis) and Actual  
General Fund  
For the Fiscal Year Ended June 30, 2007**

|  | <u>Original Budget</u> | <u>Final Budget</u> | <u>Actual</u>     | <u>Variance with<br/>Final Budget</u> |
|--|------------------------|---------------------|-------------------|---------------------------------------|
| <b>REVENUES:</b>                             |                        |                     |                   |                                       |
| Property and Other Local Taxes               | \$ 717,910             | \$ 707,484          | \$ 707,484        | \$ 0                                  |
| Income Tax                                   |                        | 411                 | 411               | 0                                     |
| Intergovernmental                            | 6,130,164              | 6,120,215           | 6,120,215         | 0                                     |
| Interest                                     | 5,250                  | 13,893              | 14,051            | 158                                   |
| Tuition and Fees                             | 456,000                | 535,358             | 535,358           | 0                                     |
| Rent   | 100                    | 182                 | 182               | 0                                     |
| Gifts and Donations                          | 1,500                  | 21,000              | 21,000            | 0                                     |
| Miscellaneous                                | 3,000                  | 16,088              | 16,088            | 0                                     |
| Total Revenues                               | <u>7,313,924</u>       | <u>7,414,631</u>    | <u>7,414,789</u>  | <u>158</u>                            |
| <b>EXPENDITURES:</b>                         |                        |                     |                   |                                       |
| Current:                                     |                        |                     |                   |                                       |
| Instruction:                                 |                        |                     |                   |                                       |
| Regular                                      | 3,073,473              | 2,976,593           | 2,972,728         | 3,865                                 |
| Special                                      | 826,916                | 879,856             | 877,417           | 2,439                                 |
| Vocational                                   | 53,840                 | 53,184              | 49,347            | 3,837                                 |
| Other  | 296,000                | 603,810             | 602,322           | 1,488                                 |
| Support Services:                            |                        |                     |                   |                                       |
| Pupils                                       | 74,503                 | 124,956             | 120,142           | 4,814                                 |
| Instructional Staff                          | 106,206                | 113,939             | 109,410           | 4,529                                 |
| Board of Education                           | 87,300                 | 128,172             | 127,104           | 1,068                                 |
| Administration                               | 744,587                | 725,068             | 720,618           | 4,450                                 |
| Fiscal                                       | 273,909                | 285,446             | 278,738           | 6,708                                 |
| Operation and Maintenance of Plant           | 818,297                | 871,692             | 853,102           | 18,590                                |
| Pupil Transportation                         | 603,919                | 534,380             | 531,292           | 3,088                                 |
| Central                                      | 3,000                  | 8,983               | 8,983             | 0                                     |
| Extracurricular Activities                   | 80,399                 | 84,002              | 81,761            | 2,241                                 |
| Total Expenditures                           | <u>7,042,349</u>       | <u>7,390,081</u>    | <u>7,332,964</u>  | <u>57,117</u>                         |
| Excess of Revenues Over (Under) Expenditures | <u>271,575</u>         | <u>24,550</u>       | <u>81,825</u>     | <u>57,275</u>                         |
| Other Financing Sources and Uses:            |                        |                     |                   |                                       |
| Proceeds from Sale of Capital Assets         |                        | 3,000               | 3,000             | 0                                     |
| Refund of Prior Year Expenditures            | 300                    |                     |                   | 0                                     |
| Advances In                                  | 1,000                  |                     |                   | 0                                     |
| Transfers Out                                | (23,000)               | (18,012)            | (18,012)          | 0                                     |
| Advances Out                                 |                        | (6,667)             | (5,102)           | 1,565                                 |
| Refund of Prior Year Receipts                |                        | (49,808)            | (49,808)          | 0                                     |
| Total Other Financing Sources and Uses       | <u>(21,700)</u>        | <u>(71,487)</u>     | <u>(69,922)</u>   | <u>1,565</u>                          |
| Net Change in Fund Balances                  | 249,875                | (46,937)            | 11,903            | 58,840                                |
| Fund Balance (Deficit) at Beginning of Year  | 178,679                | 178,679             | 178,679           | 0                                     |
| Prior Year Encumbrances Appropriated         | 7,304                  | 7,304               | 7,304             | 0                                     |
| Fund Balance (Deficit) at End of Year        | <u>\$ 435,858</u>      | <u>\$ 139,046</u>   | <u>\$ 197,886</u> | <u>\$ 58,840</u>                      |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007**

|  | <b>Private Purpose<br/>Trust</b> | <b>Agency Fund</b> |
|--|----------------------------------|--------------------|
| <b>Assets:</b>                             |                                  |                    |
| Current Assets:                            |                                  |                    |
| Equity in Pooled Cash and Cash Equivalents | \$ 19,021                        | \$ 9,469           |
| Investments                                | 17,778                           |                    |
| Total Assets                               | 36,799                           | 9,469              |
| <b>Liabilities:</b>                        |                                  |                    |
| Current Liabilities:                       |                                  |                    |
| Undistributed Monies                       |                                  | 9,469              |
| Total Liabilities                          | 0                                | 9,469              |
| <b>Net Assets:</b>                         |                                  |                    |
| Held in Trust for Scholarships             | 36,799                           | 0                  |
| Total Net Assets                           | \$ 36,799                        | \$ 0               |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**Statement of Changes in Fiduciary Net Assets  
Fiduciary Fund  
For the Fiscal Year Ended June 30, 2007**

|  | <u>Private Purpose<br/>Trust</u> |
|--|----------------------------------|
| <b>Additions:</b>                            |                                  |
| Interest                                     | \$ 1,007                         |
| Miscellaneous                                | <u>16,095</u>                    |
| Total Additions                              | <u>17,102</u>                    |
| <b>Deductions:</b>                           |                                  |
| Payments in Accordance with Trust Agreements | <u>1,500</u>                     |
| Total Deductions                             | <u>1,500</u>                     |
| Change in Net Assets                         | 15,602                           |
| Net Assets Beginning of Year                 | <u>21,197</u>                    |
| Net Assets End of Year                       | <u><u>\$ 36,799</u></u>          |

See Accompanying Notes to the Basic Financial Statements

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007**

**1. Description of the District and Reporting Entity**

Trimble Local School District, Athens County (the District), is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and federal agencies. This Board of Education controls the District's three instructional/support facilities staffed by 52 classified employees, 82 certificated teaching personnel, and 5 administrators, who provide services to 848 students and other community members.

**Reporting Entity**

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

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

The District participates in the Southeast Ohio Voluntary Education Consortium, the Tri-County Career Center, the Coalition of Rural and Appalachian Schools, and the South Eastern Ohio Special Education Regional Resource Center, which are defined as jointly governed organizations, and the Sheakley Uniservice Workers' Compensation Group Rating Program, the Metropolitan Education Council's Property and Casualty Insurance Program, and the Athens County School Employee Health and Welfare Benefit Association which are defined as insurance purchasing pools. These organizations are discussed in Note 14 and 15.

**2. Summary of Significant Accounting Policies**

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

**A. Basis of Presentation**

The District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements, which provide a more detailed level of financial information.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

**Government-Wide Financial Statements** - The statement of net assets and the statement of activities display information about the District as a whole. These statements include the financial activities of the primary government, except for the fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the District at fiscal year end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the District's governmental activities. Direct expenses are those that are specifically associated with a service, program, or department, and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program; grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues are presented as general revenues of the District with certain limited exceptions. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the District.

**Fund Financial Statements** - During the fiscal year, the District segregates transactions related to certain District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Nonmajor funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. The funds used by the District can be classified using two categories, governmental and fiduciary.

**Governmental Funds** - Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses, and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance. The following are the District's major governmental funds:

**General Fund** - The General Fund is the operating fund of the District and is used to account for all financial resources except those required to be accounted for in another fund.

**Bond Retirement Debt Service Fund** - The Bond Retirement Debt Service Fund accounts for the accumulation of resources and the payment of, principal and interest on long-term debt and related costs.

The other governmental funds of the District account for grants and other resources whose use is restricted to a particular purpose.

**Fiduciary Funds** - Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds, and agency funds. Trust funds are used to account for assets held by the District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the District's own programs. The District's trust funds are



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

private purpose trust funds which account for college scholarship programs for students. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The District's agency fund accounts for student activities.

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

**Government-Wide Financial Statements**

The government-wide financial statements are prepared on a flow of economic resources measurement focus. All assets and all liabilities associated with the operation of the District are included on the statement of net assets. The statement of activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

**Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures, and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements, therefore, include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the fund financial statements for governmental funds.

The private-purpose trust funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

Basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**Revenues - Exchange and Non-Exchange Transactions**

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 District, available means expected to be received within sixty days of fiscal year end.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 fiscal year when the resources are required to be used or the year when use is first permitted; matching

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requirements, in which the District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the 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, 2007, but which were levied to finance fiscal year 2008 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On the governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**Expenses/Expenditures**

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.

**E. Cash and Cash Equivalents**

To improve cash management, cash received by the District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through District's records. Interest in the pool is presented as "equity in pooled cash and cash equivalents."

The District utilizes a financial institution to service bonded debt as principal and interest payments come due. The District has a segregated bank account for athletic monies held separate from the District's central bank account. This non-interest bearing depository account is presented as cash and cash equivalents in segregated accounts since it is not deposited in the District Treasury.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2007. 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 STAR-

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Ohio's share price, which is the price the investment could be sold for on June 30, 2007.

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 2007 amounted to \$14,070, which includes \$9,812 assigned from other District funds.

Investments of the cash management pool and investments with original maturity of three months or less at the time they are purchased by the District are presented as cash and cash equivalents.

**F. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other government, or imposed by enabling legislation. Restricted assets include amounts required by State Statute to be set-aside by the District for textbooks and unexpended grants restricted for the purchase of buses.

**G. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2007, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the fiscal year in which services are consumed.

**H. Inventory**

Inventories are presented at cost on a first-in, first-out basis and are expended/expensed when used. Inventories consist of expendable supplies held for consumption and donated commodities held for resale.

**I. Capital Assets**

All of the District's only capital assets are general capital assets resulting from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the fiscal year. Donated fixed assets are recorded at their fair market values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The 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.

All capital assets, except land and construction in progress, are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u>         | <u>Estimated Lives</u> |
|----------------------------|------------------------|
| Buildings and Improvements | 50 years               |
| Furniture and Equipment    | 5 - 20 years           |
| Vehicles                   | 8 years                |

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**J. Interfund Transactions**

Transfers within governmental activities are eliminated on the government-wide financial statements.

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**K. 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 District will compensate the employees for the benefits through paid time off or some other means.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 District's termination policy. The District records a liability for accumulated unused sick leave for employees after five years of current service with the District.

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

All payables, accrued liabilities, and long-term obligations are reported in the government-wide financial statements.

In general, governmental fund payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources are reported as obligations of the funds. However, claims and judgments, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. Bonds are recognized as a liability on the governmental fund financial statements when due.

**M. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

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**N. Interfund Balances**

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables/payables." These amounts are eliminated on the statement of net assets.

**O. Estimates**

The preparation of 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. Designated Fund Balance**

Designations represent tentative plans for future use of financial resources. The District has a designation of fund balance on the balance sheet for money set aside for capital maintenance in excess of statutory requirements.

**Q. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction, or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments. Net assets restricted for other purposes include activities for food service operations and federal and state grants restricted to expenditure for specified purposes.

The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**R. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence.

**S. Budgetary Process**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution, and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and set annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund, function, and object level.

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The certificate of estimated resources may be amended during the fiscal year if projected increases or decreases in revenue are identified by the Treasurer. The amounts reported as the original budgeted amounts on the budgetary statements reflect the amounts on the certificate in effect when final appropriations for the fiscal year were passed.

The appropriation resolution is subject to amendment throughout the fiscal year with the restriction that appropriations may not exceed estimated resources. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior fiscal years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the fiscal year.

**3. Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations, and changes in fund balance 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 Statement of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual presented for the General Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP (modified accrual) basis are as follows:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).
4. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

| <b>Net Change in Fund Balance<br/>Major Governmental Fund</b> |                       |
|---|-----------------------|
|   | <u><b>General</b></u> |
| GAAP Basis  | (\$244,416)           |
| <u>Increase (Decrease) Due To:</u>                            |                       |
| Revenue Accruals:   |                       |
| Accrued FY 2006, Received In Cash FY 2007                     | 270,834               |
| Accrued FY 2007, Not Yet Received in Cash                     | (130,476)             |
|   |                       |
| Accrued FY 2006, Paid in Cash FY 2007                         | (859,438)             |
| Accrued FY 2007, Not Yet Paid in Cash                         | 983,676               |
| Advances Net  | (5,102)               |
| Encumbrances Outstanding at Year End (Budget Basis)           | (3,175)               |
| Budget Basis  | \$11,903              |

**4. Deposits and Investments**

Monies held by the District are classified by State statute into three categories.

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

Inactive deposits are public deposits that the Board 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 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.

Interim monies held by the District can be deposited or invested in the following securities:

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

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3. Written repurchase agreements in the securities listed above provided that the market value of the agreement by at least two percent and to be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or Ohio local governments;
5. Time certificates of deposit or savings or deposit accounts including, but not limited to, passbook accounts;
6. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations provided that investments in securities described in this division are made through eligible institutions;
7. The State Treasurer's investment pool (STAROhio); and
8. Commercial paper and bankers acceptances if training requirements have been met.

Investments in stripped principal or interest obligations, reverse repurchase agreements, and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions.

Deposits

Custodial credit risk for deposits is the risk that in the event of bank failure, the District will not be able to recover deposits or collateral securities that are in the possession of an outside party. At year end, \$448,970 of the District's bank balance of \$586,289 was exposed to custodial credit risk because it was uninsured and collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

The District has no deposit policy for custodial risk beyond the requirements of State statute. Ohio law requires that deposits be either insured or be protected by eligible securities pledged to and deposited either with the District or a qualified trustee by the financial institution as security for repayment, or by a collateral pool of eligible securities deposited with a qualified trustee and pledged to secure the repayment of all public monies deposited in the financial institution whose market value at all times shall be at least one hundred five percent of the deposits being secured.

Investments

As of June 30, 2007, the District had \$232,240 invested in STAROhio.

**Interest Rate Risk** - Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As a means of limiting its exposure to fair value losses arising from rising interest rates and according to state law, the District's investment policy limits investment portfolio maturities to five years or less.

**Credit Risk** - STAROhio carries a rating of AAA by Standard and Poor's. The District has no investment policy dealing with investment credit risk beyond the requirements in state statutes. Ohio law requires that STAROhio maintain the highest rating provided by at least one nationally recognized standard rating service



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and that the money market mutual fund be rated in the highest category at the time of purchase by at least one nationally recognized standard rating service.

Concentration of Credit Risk - Concentration of credit risk is the risk of loss attributed to the magnitude of a government's investment in a single user. The District's investment policy allows the eligible securities as described in the Ohio Revised Code.

Custodial Credit Risk - For investments, custodial credit risk is the risk that, in the event of the failure of the counter party, the District will not be able to recover the value of its investments or collateral securities in the possession of an outside party. District policy provides that investment collateral is held by the counter party as trust department or agent, and may be held in the name of the District or not.

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

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

|                      | <b>Cash and Cash<br/>Equivalents/<br/>Deposits</b> | <b>Investments</b> |
|----------------------|--|--------------------|
| GASB Statement No. 9 | \$756,218  |                    |
| Investments:         |  |                    |
| STAROhio             | (232,240)  | \$232,240          |
| GASB Statement No. 3 | \$523,978  | \$232,240          |

**5. 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 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 (used in business) located in the District. Real property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Real property taxes received in calendar year 2007 were levied after April 1, 2006, on the assessed value listed as of January 1, 2006, 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 alternate payment dates to be established.

Public utility property tax revenue received in calendar 2007 represents collections of calendar year 2006 taxes. Public utility real and tangible personal property taxes received in calendar year 2007 became a lien December 31, 2005, were levied after April 1, 2006 and are collected in 2007 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.

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Tangible personal property tax revenue received during calendar 2007 (other than public utility property) represents the collection of 2007 taxes. Tangible personal property taxes received in calendar year 2007 were levied after April 1, 2006, on the value as of December 31, 2006. 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 District prior to June 30.

The District receives property taxes from Athens and Morgan Counties. The County Auditors periodically advance to the District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2006, are available to finance fiscal year 2007 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real, personal property, and public utility taxes which are measurable as of June 30, 2007 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlements of manufactured home and personal property tax and the amount of real property taxes available as an advance at June 30 was 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 late settlements and the amount available as an advance at June 30 are recognized as revenue.

The amount available as an advance at June 30, 2007, was \$26,873 in the General Fund, \$6,745 in the Bond Retirement Fund, and \$474 in the Special Revenue Fund. The amount available as an advance at June 30, 2006, was \$20,764 in the General Fund and \$5,113 in the Bond Retirement Fund.

On a full accrual basis, collectible delinquent property taxes have been recorded as a receivable and revenue, while on a modified accrual basis the revenue has been deferred.

The assessed values upon which the fiscal year 2007 taxes were collected are:

|  | <b>2006 Second<br/>Half Collections</b> |                | <b>2007 First<br/>Half Collections</b> |                |
|--|---|----------------|--|----------------|
|  | <b>Amount</b>                           | <b>Percent</b> | <b>Amount</b>                          | <b>Percent</b> |
| Real Property                              | \$33,564,570                            | 87%            | \$33,757,713                           | 87%            |
| Public Utility Tangible Personal Property  | 3,336,140                               | 9%             | 3,288,030                              | 9%             |
| Tangible Personal Property                 | 1,522,055                               | 4%             | 1,725,005                              | 4%             |
| <b>Total</b>                               | <b>\$38,422,765</b>                     | <b>100%</b>    | <b>\$38,770,748</b>                    | <b>100%</b>    |
| Tax Rate per \$1,000 of Assessed Valuation | \$32.92                                 |                | \$31.77                                |                |

**6. Receivables**

Receivables at June 30, 2007, consisted of property taxes, accounts, interfund, 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. All receivables are expected to be collected within one year.

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A summary of the principal items of intergovernmental receivables follows:

| <u>Governmental Activities</u> | <u>Amount</u>    |
|--------------------------------|------------------|
| General                        | \$102,998        |
| Ohio Reads                     | 5,186            |
| Miscellaneous State Grants     | 55,534           |
| Title VI-B Idea                | 41,695           |
| Title I                        | 16,190           |
| Handicapped Preschool          | 785              |
| Miscellaneous Federal Grants   | 30,010           |
| Total                          | <u>\$252,398</u> |

**7. Capital Assets**

Capital asset activity for the fiscal year ended June 30, 2007, was as follows:

|                                    | <u>Balance at<br/>6/30/06</u> | <u>Additions</u>   | <u>Deductions</u> | <u>Balance at<br/>6/30/07</u> |
|------------------------------------|-------------------------------|--------------------|-------------------|-------------------------------|
| Capital Assets:                    |                               |                    |                   |                               |
| Nondepreciable Capital Assets:     |                               |                    |                   |                               |
| Land                               | \$55,370                      |                    |                   | \$55,370                      |
| Depreciable Capital Assets:        |                               |                    |                   |                               |
| Land Improvements                  | 638,185                       |                    |                   | 638,185                       |
| Buildings and Improvements         | 20,793,986                    |                    |                   | 20,793,986                    |
| Furniture, Fixtures, and Equipment | 1,680,558                     | 109,727            | 183,100           | 1,607,185                     |
| Vehicles                           | 816,556                       |                    |                   | 816,556                       |
| Total Depreciable Capital Assets   | <u>23,929,285</u>             | <u>109,727</u>     | <u>183,100</u>    | <u>23,855,912</u>             |
| Less Accumulated Depreciation:     |                               |                    |                   |                               |
| Land Improvements                  | 564,409                       | 117,497            |                   | 681,906                       |
| Buildings and Improvements         | 5,405,025                     | 321,833            |                   | 5,726,858                     |
| Furniture and Equipment            | 1,172,563                     | 119,726            | 182,400           | 1,109,889                     |
| Vehicles                           | 642,120                       | 50,377             |                   | 692,497                       |
| Total Accumulated Depreciation     | <u>7,784,117</u>              | <u>609,433</u>     | <u>182,400</u>    | <u>8,211,150</u>              |
| Depreciable Capital Assets, Net    | <u>16,145,168</u>             | <u>(499,706)</u>   | <u>700</u>        | <u>15,644,762</u>             |
| Capital Assets, Net                | <u>\$16,200,538</u>           | <u>\$(499,706)</u> | <u>\$700</u>      | <u>\$15,700,132</u>           |

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Depreciation expense was charged to governmental functions as follows:

|   |         |
|---|---------|
| Instruction:                            |         |
| Regular                                 | 33,779  |
| Special                                 | 18,371  |
| Vocational                              | 2,240   |
| Support Services:                       |         |
| Pupil                                   | 1,032   |
| Instructional Staff                     | 24,560  |
| Administration                          | 7,891   |
| Fiscal                                  | 904     |
| Operation and Maintenance of Plant      | 7,469   |
| Pupil Transportation                    | 47,976  |
| Operation of Non-Instructional Services | 15,939  |
| Extracurricular Activities              | 751     |
| Capital Outlay                          | 448,520 |
| Total Depreciation Expense              | 609,432 |

**8. Risk Management**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The District joined together with other school districts in Ohio to participate in the Metropolitan Education Council Liability, Fleet, and Property Program, a public entity insurance purchasing pool. Each individual school district enters into an agreement with the Metropolitan Education Council and its premium is based on types of coverage, limits of coverage, and deductibles that is selects. The District pays this annual premium to the Metropolitan Education Council (Note 15).

The types and amounts of coverage provided by the Metropolitan Education Council are as follows:

| <b>Property</b>                       | <b>Deductible</b> | <b>Limits of Coverage</b> |
|---------------------------------------|-------------------|---------------------------|
| General Liability:                    |                   |                           |
| Each Occurrence                       | \$1,000           | \$6,000,000               |
| Aggregate Limit                       |                   | 8,000,000                 |
| Self-Insured Retention                |                   | 100,000                   |
| Educator's Legal Liability            |                   |                           |
| Employment Practices                  | 15,000            | 1,000,000                 |
| All Other                             | 5,000             |                           |
| Property District Values by Statement |                   |                           |
| Self-Insured Retention                | 1,000             | 250,000,000               |
| Boiler and Machinery                  | 2,500             | 50,000,000                |
| Crime                                 | 1,000             | 500,000                   |
| Self-Insured Retention                |                   | 100,000                   |
| Fleet                                 |                   |                           |
| Physical Damage                       | 1,000             | 6,000,000                 |
| Self-Insured Retention                |                   | 100,000                   |

Settled claims have not exceeded this commercial coverage in any of the past three fiscal years. There has been no significant reduction in insurance coverage from fiscal year 2007.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

**9. Defined Benefit Pension Plans**

**A. School Employees Retirement System**

The 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 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, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746.

Plan members are required to contribute 10 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2007, 10.68 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2007, 2006, and 2005, were \$159,955, \$155,459, and \$144,812 respectively; 52 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005.

**B. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3771, by calling (614) 227-4090, or by visiting the STRS Ohio Web site at [www.strsoh.org](http://www.strsoh.org).

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 final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent 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 the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

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

**TRIMBLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

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, 2007, plan members were required to contribute 10 percent of their annual covered salaries. The District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2006, the portion used to fund pension obligations was also 13 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations 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 District's required contributions for pension obligations to STRS Ohio for the fiscal years ended June 30, 2007, 2006, and 2005 were \$538,476, \$534,849, and \$533,240 respectively; 84 percent has been contributed for fiscal year 2007 and 100 percent for fiscal years 2006 and 2005. Contributions to the DC and Combined Plans for fiscal year 2007 were \$7,712 made by the District and \$3,617 made by the plan members.

**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 of Ohio have an option to choose Social Security or the School Retirement System. As of June 30, 2007, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**10. Postemployment Benefits**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS Ohio), and to retired non-certificated 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 Ohio retirees who participated in the DB or Combined Plans and their dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS Ohio. All 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 Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2007, the STRS Board allocated employer contributions equal to one percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$41,421 for fiscal year 2007.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2006, (the latest information available) the balance in the Fund was \$3.5 billion. For the year ended June 30, 2006, net health care costs paid by STRS were \$282,743,000 and STRS had 119,184 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. All retirees and beneficiaries are required to pay

**TRIMBLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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(Continued)**

portion of their health care premium. The portion is based on years of service, Medicare eligibility, and retirement status.

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, 2007, employer contributions to fund health care benefits were 3.32 percent of covered payroll, compared to 3.42 percent of covered payroll for fiscal year 2006. 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 2007, the minimum pay was established at \$35,800. However, the surcharge is capped at two percent of each employer's SERS salaries. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2007 fiscal year equaled \$76,365.

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 projected claims less premium contributions for the next year. Expenses for health care at June 30, 2006, (the latest information available), were \$158,751,207. At June 30, 2006, SERS had net assets available for payment of health care benefits of \$295.6 million. SERS has 59,492 participants eligible to receive benefits.

**11. 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 year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. 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. There is no limit to sick leave accrual. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for certified employees and 45 days for classified employees.

**B. Insurance Benefits**

The District provides health and major medical insurance for all eligible employees. The District pays 88 percent of the total monthly premiums of \$1,401 for family coverage and 96 percent of \$524 for single coverage for certified employees. The District pays 91.25 percent of the total monthly premiums of \$1,401 for family coverage and 97.51 percent of \$524 for single coverage for classified employees. Premiums are paid from the same funds that pay the employees' salaries. The District also provides prescription drug insurance to its employees through Anthem Blue Cross/Blue Shield. This plan utilizes a \$5 per generic prescription and \$12 per brand name prescription deductible.

The District provides life insurance to employees through Fort Dearborn in the amount of \$10,000 for all employees.

Dental coverage is provided through CoreSource. Monthly premiums are \$43.90 for all employees.

**TRIMBLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

**12. Capitalized Leases**

In previous fiscal years, the District has entered into lease agreements for copiers. These lease obligations meets 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 are reflected as debt service expenditures in the fund financial statements. Principal payments in fiscal year 2007 totaled \$28,720 in the governmental funds. The capital leases payable have been recorded on the government-wide statements. The agreements provide for minimum annual rental payments as follows:

| Fiscal<br>Year                              | Amount   |
|---|----------|
| 2008  | \$32,675 |
| 2009  | 32,674   |
| 2010  | 19,060   |
| Total                                       | 84,409   |
| Less: Amount Representing Interest          | (4,487)  |
| Present Value of Net Minimum Lease Payments | \$79,922 |

The equipment has been capitalized in the amount of \$147,356, the present value of the minimum lease payments at the inception of the lease. The accumulated depreciation as of June 30, 2007, was \$73,678, leaving a remaining book value of \$73,678.

**13. Long-Term Obligations**

Changes in long-term obligations during fiscal year 2007 were as follows:

|   | Principal<br>Outstanding<br>6/30/06 | Additions   | Deductions  | Balance at<br>6/30/07 | Due Within<br>One Year |
|---|-------------------------------------|-------------|-------------|-----------------------|------------------------|
| <b>Governmental Activities:</b>                     |                                     |             |             |                       |                        |
| 2006 4.09 % Bond Refinancing Issue                  | \$0                                 | \$645,000   | \$0         | \$645,000             | \$10,000               |
| 2000 6.322% Classroom Facilities Bonds              | 805,000                             | \$0         | 675,000     | 130,000               | 30,000                 |
| 1985 9.75% School Facilities Bonds                  | 180,000                             | 0           | 45,000      | 135,000               | 45,000                 |
| Total General Obligation Bonds                      | 985,000                             | 645,000     | 720,000     | 910,000               | 85,000                 |
| Capital Leases                                      | 108,642                             | 0           | 28,720      | 79,922                | 29,930                 |
| Compensated Absences                                | 658,449                             | 662,175     | 658,449     | 662,175               | 33,208                 |
| Total Governmental Activities Long-Term Obligations | \$1,752,091                         | \$1,307,175 | \$1,407,169 | \$1,652,097           | \$148,138              |

**Classroom Facilities General Obligation Bonds** - The District issued obligation bonds for \$968,000 as a result of the District being approved for a \$12,601,001 school facilities grant through the Ohio School Facilities Commission for a new addition to and reconstruction of the elementary/middle school and reconstruction of the high school. The District issued the bonds on May 15, 2000, to provide the required local match for the school facilities loan. As a requirement of the loans, the District was required to pass a 3.02 mill levy. 2.52 mills will be used to repay the debt issue, which provided the matching funds required of



**TRIMBLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

the District. The remaining .5 mills are used for facilities maintenance.

**School Facilities General Obligation Bonds** - The District issued general obligation bonds for \$955,000 as a result of the District being approved for a \$4,327,815 school facilities grant through the Ohio School Facilities Commission for the construction of a new high school. The District issued the bonds on October 1, 1985, to provide the required local match for the school facilities loan. As a requirement of the loans, the District was required to pass a 2.5 mill levy. 2 mills will be used to repay the debt issue, which provided the matching funds required of the District. The remaining .5 mill is used for facilities maintenance.

**Refinancing Bonds** - The District issued general obligation bonds for \$645,000. The bond proceeds were used to retire a portion of the 2000 classroom facilities bonds. The bonds were issued on November 8, 2006 with an interest rate of 4.09 percent. The bonds included current interest bonds of \$610,000 and capital appreciation bonds of \$35,000.

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 2007, are as follows:

| <u>Fiscal Year<br/>Ending June 30,</u> | <u>Principal</u> | <u>Interest</u>  | <u>Total</u>       |
|--|------------------|------------------|--------------------|
| 2008                                   | \$85,000         | \$41,719         | \$126,719          |
| 2009                                   | 85,000           | 35,334           | 120,334            |
| 2010                                   | 90,000           | 28,796           | 118,796            |
| 2011                                   | 45,000           | 24,290           | 69,290             |
| 2012                                   | 45,000           | 22,292           | 67,292             |
| 2013-2017                              | 190,000          | 167,413          | 357,413            |
| 2018-2022                              | 300,000          | 47,600           | 347,600            |
| 2023                                   | 70,000           | 1,488            | 71,488             |
| Total                                  | <u>\$910,000</u> | <u>\$368,932</u> | <u>\$1,278,932</u> |

Capital leases will be paid from the General Fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. These funds include the General Fund, Food Service, Disadvantaged Pupil Impact Aid, Title VI-B Idea, Title I, Handicapped Preschool, and the Title II-A Special Revenue Funds.

The District's overall legal debt margin was \$2,579,367, with an unvoted debt margin of \$387,707 at June 30, 2007.

**14. Jointly Governed Organizations**

**A. Southeast Ohio Voluntary Educational Consortium**

The Southeast Ohio Voluntary Education Consortium (SEOVEC) was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 30 participants consisting of 26 school districts and 4 educational service centers. SEOVEC is governed by a board, which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. The District paid SEOVEC \$18,013 for services provided during the fiscal year. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

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(Continued)**

**B. Tri-County Career Center**

The Tri-County Career Center is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of eleven appointed representatives from the eight participating school districts. The Board possesses its own budgeting and taxing authority. To obtain financial information write to the Tri-County Career Center, Laura F. Dukes, CPA, Treasurer, at 15676 State Route 691, Nelsonville, Ohio 45764.

**C. Coalition of Rural and Appalachian Schools**

The Coalition of Rural and Appalachian Schools (the Coalition) consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the District and the District does not maintain an equity interest in or a financial responsibility for the Coalition. The District paid the Coalition \$330 for services provided during the year.

**D. South Eastern Ohio Special Education Regional Resource Center**

The South Eastern Ohio Special Education Regional Resource Center (SEOSERRC) is a special education service center, which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SEOSERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of chartered nonpublic schools, representative of county boards of MR/DD, Ohio University and Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The District's superintendent is an alternate for the SEOSERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

**15. Insurance Purchasing Pool**

**A. Sheakley Workers' Compensation Group Rating Program**

The District is a member of the Sheakley Workers' Compensation Group Rating Program established in April 2004. The program was created by the Ohio Association of School Business Officials as a result of the Workers' Compensation group rating plan as defined in section 4123.29, of the Ohio Revised Code. The group-rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

**B. Metropolitan Education Council**

The District participates in the Metropolitan Education Council (MEC), a jointly governed organization. The organization is composed of over 100 members, which include school districts, joint vocational

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(Continued)**

schools, educational service centers, and libraries covering 24 counties in Central Ohio. MEC helps its members purchase services, insurances, supplies, and other items at a discounted rate. The governing board of MEC is composed of the superintendent, a designated representative or a member of the board of education for each participating school district in Franklin County (18 school districts) and one representative from each county. Each year, the participating school districts pay a membership fee to MEC to cover the costs of administering the program. Financial information may be obtained from the Metropolitan Educational Council, Denise Music, who serves as fiscal officer, at 6100 Channingway Blvd., Suite 604, Columbus, Ohio, 43232.

**B. Athens County School Employee Health and Welfare Benefit Association**

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 98, Dola, Ohio 45835.

**16. Interfund Activity and Balances**

**A. Transfers**

Transfers made during fiscal year 2007 were as follows:

| <b>Transfer from</b> | <b>Transfer to<br/>Other<br/>Nonmajor<br/>Governmental</b> |
|----------------------|--|
| General Fund         | \$18,012   |

**B. Interfund Balances**

Interfund Balances at June 30, 2007, consisted of the following for services provided by the General Fund:

|                               | <b>Interfund<br/>Receivables</b> | <b>Interfund<br/>Payables</b> |
|-------------------------------|----------------------------------|-------------------------------|
| <b>General Fund</b>           | \$5,335                          |                               |
| <b>Special Revenue Funds:</b> |                                  |                               |
| Local Grants                  |                                  | \$4,891                       |
| Athletics                     |                                  | 233                           |
| Ohio Reads                    |                                  | 211                           |
| Total All Funds               | \$5,335                          | \$5,335                       |

**TRIMBLE LOCAL SCHOOL DISTRICT  
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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
JUNE 30, 2007  
(Continued)**

**17. Contingencies**

**A. Grants**

The District receives 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 are 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 District at June 30, 2007.

**B. Litigation**

The District is currently a party to legal proceedings.

**18. Set-Aside Calculations**

The 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 fiscal year-end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years.

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

|  | <b>Textbooks</b> | <b>Capital<br/>Acquisition</b> |
|--|------------------|--------------------------------|
| Set-aside Reserve Balance as of June 30, 2006            | \$18,800         | \$0                            |
| Current Year Set-aside Requirement                       | 117,151          | 117,151                        |
| Current Year Offsets                                     | 0                | (181,157)                      |
| Qualifying Disbursements                                 | (121,512)        | (29,331)                       |
| Totals   | \$14,439         | (\$93,337)                     |
| Set-Aside Balance Carried Forward to Future Fiscal Years | \$14,439         | \$0                            |
| Set-Aside Reserve Balance as of June 30, 2007            | \$14,439         | \$0                            |

The District had qualifying expenditures during the previous fiscal years that reduced the capital improvement set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future fiscal years.

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**NOTES TO THE BASIC FINANCIAL STATEMENTS  
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**19. Fund Deficits**

The following funds had deficit fund balances at June 30, 2007:

|                               | <u>Deficit</u> |
|-------------------------------|----------------|
| <b>General Fund</b>           | \$646,799      |
| <b>Special Revenue Funds:</b> |                |
| Food Service                  | 57,082         |
| Ohio Reads                    | 211            |
| Poverty Aid                   | 87,678         |
| Miscellaneous State Grants    | 5,079          |
| Title VI-B                    | 25,537         |
| Title I                       | 28,968         |
| Drug Free Schools             | 1,753          |
| Handicapped Pre-K             | 97             |
| Title II-A                    | 6,042          |

These deficits resulted from the recognition of deferred revenue on grants and payables in accordance with Generally Accepted Accounting Principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

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**TRIMBLE LOCAL SCHOOL DISTRICT  
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**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

| <b>FEDERAL GRANTOR</b><br><i>Pass-through Grantor</i><br>Program Title | Federal<br>CFDA<br>Number | Pass-through<br>Entity<br>Number | Receipts                   | Noncash<br>Receipts     | Disbursements              | Noncash<br>Disbursements |
|--|---------------------------|----------------------------------|----------------------------|-------------------------|----------------------------|--------------------------|
| <b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>                         |                           |                                  |                            |                         |                            |                          |
| <i>Passed through Ohio Department of Education:</i>                    |                           |                                  |                            |                         |                            |                          |
| Food Donation  | 10.550                    | N/A                              | \$                         | \$ 20,505               | \$                         | \$ 20,505                |
| Nutrition Cluster:   |                           |                                  |                            |                         |                            |                          |
| School Breakfast Program   | 10.553                    | 05PU-2006                        | 18,306                     |                         | 18,306                     |                          |
|  |                           | 05PU-2007                        | 81,440                     |                         | 81,440                     |                          |
| Total School Breakfast Program   |                           |                                  | <u>99,746</u>              | <u>0</u>                | <u>99,746</u>              | <u>0</u>                 |
| National School Lunch Program  | 10.555                    | LLP4-2006                        | 26,279                     |                         | 26,279                     |                          |
|  |                           | LLP4-2007                        | 144,954                    |                         | 144,954                    |                          |
| Total National School Lunch Program                                    |                           |                                  | <u>171,233</u>             | <u>0</u>                | <u>171,233</u>             | <u>0</u>                 |
| Total Nutrition Cluster  |                           |                                  | 270,979                    | 0                       | 270,979                    | 0                        |
| Team Nutrition Grants  | 10.574                    | TWNT-2004                        | (6)                        |                         |                            |                          |
| Fresh Fruit and Vegetable Program                                      | 10.582                    | VGS1-2007                        | 57,719                     |                         | 57,719                     |                          |
| Total United States Department of Agriculture                          |                           |                                  | 328,692                    | 20,505                  | 328,698                    | 20,505                   |
| <b>UNITED STATES DEPARTMENT OF EDUCATION</b>                           |                           |                                  |                            |                         |                            |                          |
| <i>Passed through Ohio Department of Education:</i>                    |                           |                                  |                            |                         |                            |                          |
| Title I Grants to Local Educational Agencies                           | 84.010                    | C1S1-2006                        | 63,498                     |                         | 81,731                     |                          |
|  |                           | C1S1-2007                        | 496,923                    |                         | 461,929                    |                          |
| Total Title I Grants to Local Educational Agencies                     |                           |                                  | <u>560,421</u>             | <u>0</u>                | <u>543,660</u>             | <u>0</u>                 |
| Special Education Cluster:   |                           |                                  |                            |                         |                            |                          |
| Special Education - Grants to States                                   | 84.027                    | 6BSD-2006                        | (76)                       |                         | 808                        |                          |
|  |                           | 6BSF-2006                        | 13,992                     |                         | 19,358                     |                          |
|  |                           | 6BSF-2007                        | 250,249                    |                         | 250,079                    |                          |
| Total Special Education - Grants to States                             |                           |                                  | <u>264,165</u>             | <u>0</u>                | <u>270,245</u>             | <u>0</u>                 |
| Special Education - Preschool Grants                                   | 84.173                    | PGS1-2006                        | 1,107                      |                         | 1,503                      |                          |
|  |                           | PGS1-2007                        | 12,045                     |                         | 11,635                     |                          |
| Total Special Education - Preschool Grants                             |                           |                                  | <u>13,152</u>              | <u>0</u>                | <u>13,138</u>              | <u>0</u>                 |
| Total Special Education Cluster  |                           |                                  | 277,317                    | 0                       | 283,383                    | 0                        |
| Safe and Drug-Free Schools and Communities - State Grants              | 84.186                    | DRS1-2006                        | 2,185                      |                         | 2,622                      |                          |
|  |                           | DRS1-2007                        | 9,546                      |                         | 9,546                      |                          |
| Total Safe and Drug-Free Schools and Communities - State Grants        |                           |                                  | <u>11,731</u>              | <u>0</u>                | <u>12,168</u>              | <u>0</u>                 |
| State Grants for Innovative Programs                                   | 84.298                    | C2S1-2006                        | 140                        |                         | 200                        |                          |
|  |                           | C2S1-2007                        | 1,645                      |                         | 1,645                      |                          |
| Total State Grants for Innovative Programs                             |                           |                                  | <u>1,785</u>               | <u>0</u>                | <u>1,845</u>               | <u>0</u>                 |
| Education Technology State Grants                                      | 84.318                    | TJS1-2006                        | (1,568)                    |                         |                            |                          |
|  |                           | TJS1-2007                        | 5,438                      |                         | 5,201                      |                          |
| Total Education Technology State Grants                                |                           |                                  | <u>3,870</u>               | <u>0</u>                | <u>5,201</u>               | <u>0</u>                 |
| Comprehensive School Reform Demonstration                              | 84.332                    | RFCC-2006                        | 18,523                     |                         | 31,425                     |                          |
|  |                           | RFCC-2007                        | 67,574                     |                         | 63,371                     |                          |
| Total Comprehensive School Reform Demonstration                        |                           |                                  | <u>86,097</u>              | <u>0</u>                | <u>94,796</u>              | <u>0</u>                 |
| Rural Education  | 84.358                    | RUS1-2006                        | 491                        |                         | 564                        |                          |
|  |                           | RUS1-2007                        | 25,638                     |                         | 25,638                     |                          |
| Total Rural Education  |                           |                                  | <u>26,129</u>              | <u>0</u>                | <u>26,202</u>              | <u>0</u>                 |
| <i>Direct Program:</i>   |                           |                                  |                            |                         |                            |                          |
| Literacy Through School Libraries                                      | 84.364                    | S364A060445                      | 269,990                    | 0                       | 262,120                    | 0                        |
| Improving Teacher Quality State Grants                                 | 84.367                    | TRS1-2006                        | 10,973                     |                         | 15,960                     |                          |
|  |                           | TRS1-2007                        | 98,710                     |                         | 92,974                     |                          |
| Total Improving Teacher Quality State Grants                           |                           |                                  | <u>109,683</u>             | <u>0</u>                | <u>108,934</u>             | <u>0</u>                 |
| Total United States Department of Education                            |                           |                                  | <u>1,347,023</u>           | <u>0</u>                | <u>1,338,309</u>           | <u>0</u>                 |
| <b>Total Federal Awards Receipts and Expenditures</b>                  |                           |                                  | <b><u>\$ 1,675,715</u></b> | <b><u>\$ 20,505</u></b> | <b><u>\$ 1,667,007</u></b> | <b><u>\$ 20,505</u></b>  |

*The Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.*

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – CHILD NUTRITION CLUSTER**

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

**NOTE C – FOOD DONATION PROGRAM**

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This non-monetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

**NOTE D – TRANSFERS**

During fiscal year 2007, the Ohio Department of Education (ODE) authorized the District to carryover monies from the prior fiscal year to the current fiscal year. Authorized carryover monies are shown as a reduction of federal revenues in the program that the transfer was made from and increased federal revenue in the program that received the transfer or carryover. A detailed listing of the carryovers is as follows:

| CFDA<br>Number | Program Title                             | Pass-<br>Through<br>Entity<br>Number | Transfers<br>Out | Transfers<br>In |
|----------------|---|--------------------------------------|------------------|-----------------|
| 84.318         | Education Technology State Grants         | TJS1-2006                            | \$ 1,568         |                 |
| 84.318         | Education Technology State Grants         | TJS1-2007                            |                  | \$ 1,568        |
| 84.332         | Comprehensive School Reform Demonstration | RFCC-2006                            | 6,283            |                 |
| 84.332         | Comprehensive School Reform Demonstration | RFCC-2007                            |                  | 6,283           |
|                |   | Totals                               | <u>\$ 7,851</u>  | <u>\$ 7,851</u> |





# Mary Taylor, CPA

Auditor of State

## INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY GOVERNMENT AUDITING STANDARDS

Trimble Local School District  
Athens County  
One Tomcat Drive  
Glouster, Ohio 45732

To the Board of Education:

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Trimble Local School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2007, which collectively comprise the District's basic financial statements and have issued our report thereon dated July 10, 2008. 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 the Comptroller General of the United States' *Government Auditing Standards*.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our audit procedures for expressing our opinion on the financial statements, but not to opine on the effectiveness of the District's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the District's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the District's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the District's internal control will not prevent or detect a material financial statement misstatement.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all internal control deficiencies that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider material weaknesses, as defined above.

We noted certain matters that we reported to the District's management in a separate letter dated July 10, 2008.

### **Compliance and Other Matters**

As part of reasonably assuring whether the District's financial statements are free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect 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 an opinion. The results of our tests disclosed an instance of noncompliance or other matters that we must report under *Government Auditing Standards* which is described in the accompanying Schedule of Findings as item 2007-001.

The District's reponse to the finding identified in our audit is described in the accompanying Schedule of Findings. We did not audit the District's response and, accordingly, we express no opinion on it.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies and pass-through entities. We intend it for no one other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 10, 2008



# Mary Taylor, CPA

## Auditor of State

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

Trimble Local School District  
Athens County  
One Tomcat Drive  
Glouster, Ohio 45732

To the Board of Education:

#### Compliance

We have audited the compliance of Trimble Local School District, Athens County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Circular A-133, Compliance Supplement* that apply to each of its major federal programs for the year ended June 30, 2007. The Summary of Auditor's Results section of the accompanying Schedule of Findings identifies the District's major federal programs. The District's management is responsible for complying with the requirements of laws, regulations, contracts, and grants applicable to each major federal program. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that apply to each of its major federal programs for the year ended June 30, 2007.

#### Internal Control Over Compliance

The District's management is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could directly and materially affect a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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A control deficiency in internal control over compliance exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent or detect noncompliance with a federal program compliance requirement on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the District's ability to administer a federal program such that there is more than a remote likelihood that the District's internal control will not prevent or detect more-than-inconsequential noncompliance with a federal program compliance requirement.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that the District's internal control will not prevent or detect material noncompliance with a federal program's compliance requirements.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

We intend this report solely for the information and use of the audit committee, management, Board of Education, federal awarding agencies, and pass-through entities. It is not intended for anyone other than these specified parties.



**Mary Taylor, CPA**  
Auditor of State

July 10, 2008

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007**

**1. SUMMARY OF AUDITOR'S RESULTS**

|                     |   |   |
|---------------------|---|---|
| <i>(d)(1)(i)</i>    | <b>Type of Financial Statement Opinion</b>  | Unqualified   |
| <i>(d)(1)(ii)</i>   | <b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>               | No  |
| <i>(d)(1)(ii)</i>   | <b>Were there any other significant deficiencies in internal control reported at the financial statement level (GAGAS)?</b> | No  |
| <i>(d)(1)(iii)</i>  | <b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>                              | Yes   |
| <i>(d)(1)(iv)</i>   | <b>Were there any material internal control weakness conditions reported for major federal programs?</b>                    | No  |
| <i>(d)(1)(iv)</i>   | <b>Were there any other significant deficiencies in internal control reported for major federal programs?</b>               | No  |
| <i>(d)(1)(v)</i>    | <b>Type of Major Programs' Compliance Opinion</b>   | Unqualified   |
| <i>(d)(1)(vi)</i>   | <b>Are there any reportable findings under §.510?</b>   | No  |
| <i>(d)(1)(vii)</i>  | <b>Major Programs (list):</b>   | Child Nutrition Cluster, CFDA #10.553 & #10.555<br>Improving Literacy Through School Libraries – CFDA #84.364 |
| <i>(d)(1)(viii)</i> | <b>Dollar Threshold: Type A/B Programs</b>  | Type A: > \$300,000<br>Type B: all others   |
| <i>(d)(1)(ix)</i>   | <b>Low Risk Auditee?</b>  | Yes   |

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

**FINDING NUMBER 2007-001**

**Finding for Recovery**

According to school district policy, timesheets should be prepared each pay period for each bus driver. Timesheets should document actual time spent on daily runs as well as special runs, dropped runs, school holidays, and leave used. These timesheets should be reviewed and signed (or initialed) by the employee and the supervisor to indicate approval prior to submission to the Treasurer for payment.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Finding for Recovery (Continued)**

The District operates a pre-school program which meets in two half day sessions each day, four days a week. Prior to August, 2000, the school also operated a half-day kindergarten program which met five days a week in the morning. When the District operated the half-day kindergarten program, it was necessary to run mid-day buses five days a week in order to return the kindergarten class home on the day the pre-school was not in operation. Beginning in August, 2000, the kindergarten class began meeting in full-day sessions. Therefore, it was no longer necessary to run the mid-day bus on the fifth day. However, timesheets submitted to the Treasurer for payment continued to include the mid-day run for the days the pre-school was not in session. The timecards did not indicate review by the employee. They also did not indicate review by a supervisor until 2003.

This practice has resulted in the following overpayment of bus drivers:

| Name         | School Year | Fund | Amount Due per Contract | Amount Due per Recalculation | Amount of Overpayment |
|--------------|-------------|------|-------------------------|------------------------------|-----------------------|
| Tom Downs    | FY 2007     | 001  | \$20,853.82             | \$20,033.06                  | \$820.76              |
|              | FY 2006     | 001  | 20,247.63               | 19,429.08                    | 818.55                |
|              | FY 2005     | 001  | 19,260.54               | 18,502.47                    | 758.07                |
|              | FY 2004     | 001  | 17,850.56               | 17,147.97                    | 702.59                |
|              | FY 2003     | 001  | 17,850.56               | 17,128.98                    | 721.58                |
|              | FY 2002     | 001  | 17,329.00               | 16,646.81                    | 682.19                |
|              | FY 2001     | 001  | 16,807.18               | 16,145.64                    | 661.54                |
|              | FY 2000     | 001  | 16,285.50               | 15,627.15                    | 658.35                |
|              | Total       |      |                         | \$146,484.79                 | \$140,661.16          |
| Kathy Shafer | FY 2007     | 001  | \$19,463.64             | \$18,916.41                  | \$547.23              |
|              | FY 2006     | 001  | 18,897.71               | 18,352.08                    | 545.63                |
|              | FY 2005     | 001  | 17,976.66               | 17,471.14                    | 505.52                |
|              | FY 2004     | 001  | 16,660.54               | 16,192.14                    | 468.40                |
|              | FY 2003     | 001  | 16,660.54               | 16,179.48                    | 481.06                |
|              | FY 2002     | 001  | 16,173.64               | 15,718.91                    | 454.73                |
|              | FY 2001     | 001  | 16,807.18               | 16,145.64                    | 661.54                |
|              | FY 2000     | 001  | 16,285.50               | 15,627.15                    | 658.35                |
|              | Total       |      |                         | \$138,925.41                 | \$134,602.95          |

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Finding for Recovery (Continued)**

| <b>Name</b> | <b>School Year</b> | <b>Fund</b> | <b>Amount Due per Contract</b> | <b>Amount Due per Recalculation</b> | <b>Amount of Overpayment</b> |
|-------------|--------------------|-------------|--------------------------------|-------------------------------------|------------------------------|
| Tom Hand    | FY 2007            | 001         | \$19,463.64                    | \$18,916.41                         | \$547.23                     |
|             | FY 2006            | 001         | 18,897.71                      | 18,352.08                           | 545.63                       |
|             | FY 2005            | 001         | 17,976.66                      | 17,471.14                           | 505.52                       |
|             | FY 2004            | 001         | 16,660.54                      | 16,192.14                           | 468.40                       |
|             | FY 2003            | 001         | 16,660.54                      | 16,179.48                           | 481.06                       |
|             | FY 2002            | 001         | 16,173.64                      | 15,718.91                           | 454.73                       |
|             | FY 2001            | 001         | 15,686.84                      | 15,245.68                           | 441.16                       |
|             | FY 2000            | 001         | 15,199.80                      | 14,760.90                           | 438.90                       |
|             | Total              |             | \$136,719.37                   | \$132,836.74                        | \$3,882.63                   |
| Don Roback  | FY 2007            | 001         | \$22,244.16                    | \$21,423.32                         | \$820.84                     |
|             | FY 2006            | 001         | 21,597.42                      | 20,778.92                           | 818.50                       |
|             | FY 2005            | 001         | 20,544.68                      | 19,786.51                           | 758.17                       |
|             | FY 2004            | 001         | 19,040.58                      | 18,338.01                           | 702.57                       |
| Don Roback  |                    |             | <b>Paid for Pre-K Runs</b>     | <b>Earned for Pre-K Runs</b>        |                              |
|             | FY 2003            | 001         | 2,943.45                       | 2,354.76                            | 588.69                       |
|             | FY 2002            | 001         | 3,152.39                       | 2,488.73                            | 663.66                       |
|             | FY 2001            | 001         | 3,111.12                       | 2,449.56                            | 661.56                       |
|             | FY 2000            | 001         | 3,014.55                       | 2,356.20                            | 658.35                       |
|             | Total              |             | \$95,648.35                    | \$89,976.01                         | \$5,672.34                   |

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|---|

**FINDING NUMBER 2007-001 (Continued)**

**Finding for Recovery (Continued)**

In addition, supervisors approved timesheets which included errors in the following amounts:

| Supervisor's Name | School Year | Fund      | Employee Supervisor Approved | Amount Due per Contract | Amount Due per Recalculation | Amount of Overpayment |
|-------------------|-------------|-----------|------------------------------|-------------------------|------------------------------|-----------------------|
| William Lowery    | FY 2007     | 001       | T. Downs                     | \$20,853.82             | \$20,033.06                  | \$820.76              |
|                   |             | 001       | K. Shafer                    | 19,463.64               | 18,916.41                    | 547.23                |
|                   |             | 001       | T. Hand                      | 19,463.64               | 18,916.41                    | 547.23                |
|                   |             | 001       | D. Roback                    | 22,244.16               | 21,423.32                    | 820.84                |
|                   | FY 2006     | 001       | T. Downs                     | 10,123.88               | 9,714.54                     | 409.34                |
|                   |             | 001       | K. Shafer                    | 9,448.92                | 9,176.04                     | 272.88                |
|                   |             | 001       | T. Hand                      | 9,448.92                | 9,176.04                     | 272.88                |
|                   |             | 001       | D. Roback                    | 10,798.71               | 10,389.46                    | 409.25                |
|                   | FY 2005     | 001       | T. Downs                     | 17,426.20               | 16,740.33                    | 685.87                |
|                   |             | 001       | K. Shafer                    | 17,120.63               | 16,615.11                    | 505.52                |
|                   |             | 001       | T. Hand                      | 16,264.60               | 15,807.22                    | 457.38                |
|                   |             | 001       | D. Roback                    | 17,609.73               | 16,959.87                    | 649.86                |
|                   | FY 2004     | 001       | T. Downs                     | 17,000.53               | 16,331.40                    | 669.13                |
|                   |             | 001       | K. Shafer                    | 15,867.18               | 15,421.09                    | 446.09                |
|                   |             | 001       | T. Hand                      | 15,867.18               | 15,421.09                    | 446.09                |
|                   |             | 001       | D. Roback                    | 18,133.89               | 17,464.77                    | 669.12                |
| FY 2003           | 001         | T. Downs  | 6,800.21                     | 6,525.33                | 274.88                       |                       |
|                   | 001         | K. Shafer | 6,346.87                     | 6,163.61                | 183.26                       |                       |
|                   | 001         | T. Hand   | 6,346.87                     | 6,163.61                | 183.26                       |                       |
|                   | 001         | D. Roback | 1,121.31                     | 897.05                  | 224.26                       |                       |
|                   |             |           | Totals                       | \$277,750.89            | \$268,255.76                 | \$9,495.13            |
| Danny Lackey      | FY 2003     | 001       | T. Downs                     | \$5,950.19              | \$5,709.66                   | \$240.53              |
|                   |             | 001       | K. Shafer                    | 6,346.87                | 6,140.70                     | 206.17                |
|                   |             | 001       | T. Hand                      | 5,553.51                | 5,393.16                     | 160.35                |
|                   |             | 001       | D. Roback                    | 1,121.31                | 897.05                       | 224.26                |
|                   |             |           | Total                        | \$18,971.88             | \$18,140.57                  | \$831.31              |



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

|   |
|---|
| <b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS<br/>REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b> |
|---|

**FINDING NUMBER 2007-001 (Continued)**

**Finding for Recovery (Continued)**

Also, Treasurer's approved payroll for the above noted bus drivers in the following amounts:

| Name           | School Year | Fund      | Employee Treasurer Approved | Amount Due per Contract | Amount Due per Recalculation | Amount of Overpayment |
|----------------|-------------|-----------|-----------------------------|-------------------------|------------------------------|-----------------------|
| Cindy Rhonemus | FY 2007     | 001       | T. Downs                    | \$20,853.82             | \$20,033.06                  | \$820.76              |
|                |             | 001       | K. Shafer                   | 19,463.64               | 18,916.41                    | 547.23                |
|                |             | 001       | T. Hand                     | 19,463.64               | 18,916.41                    | 547.23                |
|                |             | 001       | D. Roback                   | 22,244.16               | 21,423.32                    | 820.84                |
|                | FY 2006     | 001       | T. Downs                    | 20,247.63               | 19,429.08                    | 818.55                |
|                |             | 001       | K. Shafer                   | 18,897.71               | 18,352.08                    | 545.63                |
|                |             | 001       | T. Hand                     | 18,897.71               | 18,352.08                    | 545.63                |
|                |             | 001       | D. Roback                   | 21,597.42               | 20,778.92                    | 818.50                |
|                | FY 2005     | 001       | T. Downs                    | 19,260.54               | 18,502.47                    | 758.07                |
|                |             | 001       | K. Shafer                   | 17,976.66               | 17,471.14                    | 505.52                |
|                |             | 001       | T. Hand                     | 17,976.66               | 17,471.14                    | 505.52                |
|                |             | 001       | D. Roback                   | 20,544.68               | 19,786.51                    | 758.17                |
|                | FY 2004     | 001       | T. Downs                    | 17,850.56               | 17,147.97                    | 702.59                |
|                |             | 001       | K. Shafer                   | 16,660.54               | 16,192.14                    | 468.40                |
|                |             | 001       | T. Hand                     | 16,660.54               | 16,192.14                    | 468.40                |
|                |             | 001       | D. Roback                   | 19,040.58               | 18,338.01                    | 702.57                |
|                | FY 2003     | 001       | T. Downs                    | 17,850.56               | 17,128.98                    | 721.58                |
|                |             | 001       | K. Shafer                   | 16,660.54               | 16,179.48                    | 481.06                |
|                |             | 001       | T. Hand                     | 16,660.54               | 16,179.48                    | 481.06                |
|                |             | 001       | D. Roback                   | 2,943.45                | 2,354.76                     | 588.69                |
|                | FY 2002     | 001       | T. Downs                    | 17,329.00               | 16,646.81                    | 682.19                |
|                |             | 001       | K. Shafer                   | 16,173.64               | 15,718.91                    | 454.73                |
|                |             | 001       | T. Hand                     | 16,173.64               | 15,718.91                    | 454.73                |
|                |             | 001       | D. Roback                   | 3,152.39                | 2,488.73                     | 663.66                |
| FY 2001        | 001         | T. Downs  | 5,882.51                    | 5,650.97                | 231.54                       |                       |
|                | 001         | K. Shafer | 5,882.51                    | 5,650.97                | 231.54                       |                       |
|                | 001         | T. Hand   | 5,490.39                    | 5,335.99                | 154.40                       |                       |
|                | 001         | D. Roback | 1,088.89                    | 857.35                  | 231.54                       |                       |
| <b>Total</b>   |             |           |                             | <b>\$432,924.55</b>     | <b>\$417,214.22</b>          | <b>\$15,710.33</b>    |

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)**

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

**FINDING NUMBER 2007-001 (Continued)**

**Finding for Recovery (Continued)**

| Name            | School Year | Fund | Employee Treasurer Approved | Amount Due per Contract | Amount Due per Recalculation | Amount of Overpayment |            |
|-----------------|-------------|------|-----------------------------|-------------------------|------------------------------|-----------------------|------------|
| Roberta Bunting | FY 2001     | 001  | T. Downs                    | \$3,361.44              | \$3,229.13                   | \$132.31              |            |
|                 |             | 001  | K. Shafer                   | 3,361.44                | 3,229.13                     | 132.31                |            |
|                 |             | 001  | T. Hand                     | 3,137.37                | 3,049.14                     | 88.23                 |            |
|                 |             | 001  | D. Roback                   | 622.22                  | 489.91                       | 132.31                |            |
|                 |             |      | Total                       | \$10,482.47             | \$9,997.31                   | \$485.16              |            |
| Sandi Hurd      | FY 2001     | 001  | T. Downs                    | \$7,563.23              | \$7,265.54                   | \$297.69              |            |
|                 |             | 001  | K. Shafer                   | 7,563.23                | 7,265.54                     | 297.69                |            |
|                 |             | 001  | T. Hand                     | 7,059.08                | 6,860.56                     | 198.52                |            |
|                 |             | 001  | D. Roback                   | 1,400.00                | 1,102.30                     | 297.70                |            |
|                 | FY 2000     | 001  | T. Downs                    | 16,285.50               | 15,627.15                    | 658.35                |            |
|                 |             | 001  | K. Shafer                   | 16,285.50               | 15,627.15                    | 658.35                |            |
|                 |             | 001  | T. Hand                     | 15,199.80               | 14,760.90                    | 438.90                |            |
|                 |             | 001  | D. Roback                   | 3,014.55                | 2,356.20                     | 658.35                |            |
|                 |             |      |                             | Total                   | \$74,370.89                  | \$70,865.34           | \$3,505.55 |

Under Ohio law, any public official who either authorizes an illegal expenditure of public funds or supervises the accounts of a public office from which such illegal expenditure is made is strictly liable for the amount of the expenditure. Seward v. National Surety Corp. (1929) 120 Ohio St. 47; 1980 Op. Atty Gen. No. 80-074; Ohio Rev. Code Section 9.39; State ex. Rel. Village of Linndale v. Masten (1985) 18 Ohio St. 3d 228. Public officials controlling public funds or property are secondarily liable for the loss incurred should such funds or property be fraudulently obtained by another, converted, misappropriated, lost or stolen. Public officials will be liable if and to the extent that recovery or restitution is not obtained from the persons who unlawfully obtained such funds or property, 1980 Op. Atty Gen. No. 80-074.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued against Tom Downs in the amount of \$5,823.63; Kathy Shafer in the amount of \$4,322.46; Tom Hand in the amount of \$3,882.63; and Don Roback in the amount of \$5,672.34 in favor of the Trimble Local School District's General fund.

TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 § .505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2007  
(Continued)

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS  
REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)

FINDING NUMBER 2007-001 (Continued)

**Finding for Recovery (Continued)**

Additionally, in accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public monies illegally expended is hereby issued jointly and severally, against Supervisor, William Lowery, in the amount of \$9,495.13; Supervisor, Danny Lackey, in the amount of \$831.31; Treasurer, Cindy Rhonemus, in the amount of \$15,710.33 and her bonding company, Travelers Casualty and Surety Company of America, in the amount of \$13,846.42 and her bonding company, Nationwide Agribusiness Insurance Company, in the amount of \$1,863.91; Treasurer, Roberta Bunting and her bonding company, Nationwide Agribusiness Insurance Company, in the amount of \$485.16; and Treasurer, Sandi Hurd and her bonding company, Nationwide Agribusiness Insurance Company, in the amount of \$3,505.55, in favor of the Trimble Local School District's General Fund.

William Lowery, Danny Lackey, Cindy Rhonemus, Roberta Bunting, and Sandi Hurd, shall be secondarily liable for such public monies illegally expended to the extent that recovery or restitution is not obtained from Tom Downs, Kathy Shafer, Tom Hand, and Don Roback.

**Officials' Response:** This issue was discovered by District Administration and reported to the Auditor of State's Office. The District does not believe there was malicious intent by the employees involved in this issue. The District plans to pursue collections of this finding from the affected bus drivers. Procedures have been implemented to guard against future re-occurrences of this type of incident.

3. FINDINGS FOR FEDERAL AWARDS

None.





**Mary Taylor, CPA**  
Auditor of State

**TRIMBLE LOCAL SCHOOL DISTRICT**

**ATHENS 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  
SEPTEMBER 25, 2008**