

**JOHNSTOWN-MONROE  
LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

***GENERAL PURPOSE FINANCIAL STATEMENTS  
(AUDITED)  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2000***

**SUSAN WARD, TREASURER**



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

Board of Education  
Johnstown-Monroe Local School District  
441 South Main Street  
Johnstown, Ohio 43031

We have reviewed the independent auditor's report of the Johnstown-Monroe Local School District, Licking County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Johnstown-Monroe Local School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

December 21, 2000

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	2 - 3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types .....	5
Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type .....	6
Statement of Cash Flows - Proprietary Fund Type .....	7
Notes to the General Purpose Financial Statements .....	8 - 44
Report on Compliance and on Internal Control Required By <i>Government Auditing Standards</i> .....	45 - 46

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD  
SUITE B  
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899  
FACSIMILE 614.846.2799

## Independent Auditor's Report

Board of Education  
Johnstown-Monroe Local School District  
441 S. Main Street  
Johnstown, OH 43031

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated October 16, 2000, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Trimble, Julian & Grube, Inc.  
October 16, 2000

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2000

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service			Capital Projects	Enterprise	
<b>ASSETS AND OTHER DEBITS</b>								
ASSETS:								
Equity in pooled cash and cash equivalents . . . . .	\$900,680	\$58,753	\$381,821	\$30,539	\$49,860	\$116,237		\$1,537,890
Receivables (net of allowances of uncollectibles):								
Property taxes - current & delinquent . . . . .	3,048,363		39,808					3,088,171
Accounts . . . . .	12,836	14,737						27,573
Interfund loan receivable . . . . .	4,500							4,500
Due from other governments . . . . .	1,150	3,017						4,167
Prepayments . . . . .	4,876							4,876
Materials and supplies inventory . . . . .	10,399				5,956			16,355
Restricted assets:								
Equity in pooled cash and cash equivalents . . . . .	807							807
Investments . . . . .	130,000							130,000
Property, plant and equipment (net of accumulated depreciation where applicable) . . . . .					50,083		\$6,158,059	6,208,142
OTHER DEBITS:								
Amount available in debt service fund . . . . .								387,774
Amount to be provided for retirement of general long-term obligations . . . . .								1,196,061
Total assets and other debits . . . . .	\$4,113,611	\$76,507	\$421,629	\$30,539	\$105,899	\$116,237	\$6,158,059	\$12,606,316

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINED BALANCE SHEET  
 ALL FUND TYPES AND ACCOUNT GROUPS  
 JUNE 30, 2000

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups			Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects			Enterprise	General	Fixed Assets	
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>										
<b>LIABILITIES:</b>										
Accounts payable	\$26,795	\$1,520	\$31			\$30				\$28,376
Accrued wages and benefits	586,511	5,854		\$30	\$14,863					607,258
Compensated absences payable	54,481				9,432			\$594,329		658,242
Pension obligation payable	104,102				16,488			41,461		162,051
Interfund loan payable		4,500								4,500
Deferred revenue	2,697,572		33,802		3,515					2,734,889
Due to other governments	3,495		22							3,517
Due to students						34,997				34,997
General obligation bonds payable								450,000		450,000
Energy conservation notes payable								409,612		409,612
Early retirement incentive payable								5,000		5,000
Obligation under capital lease								83,433		83,433
<b>Total liabilities</b>	<b>3,472,956</b>	<b>11,874</b>	<b>33,855</b>	<b>30</b>	<b>44,298</b>	<b>35,027</b>	<b>-</b>	<b>1,583,835</b>	<b>-</b>	<b>5,181,875</b>
<b>EQUITY AND OTHER CREDITS:</b>										
Investment in general fixed assets									\$6,158,059	6,158,059
Retained earnings: unreserved									61,601	61,601
<b>Fund balances:</b>										
Reserved for encumbrances	107,239	9,872		9,000		11,580				137,691
Reserved for materials and supplies inventory	10,399									10,399
Reserved for prepayments	4,876									4,876
Reserved for debt service			382,599							382,599
Reserved for tax revenue unavailable for appropriation	254,592		5,175							259,767
Reserved for budget stabilization	130,807									130,807
Unreserved-undesignated	132,742	54,761		21,509		69,630				278,642
<b>Total equity and other credits</b>	<b>640,655</b>	<b>64,633</b>	<b>387,774</b>	<b>30,509</b>	<b>61,601</b>	<b>81,210</b>	<b>6,158,059</b>	<b>-</b>	<b>-</b>	<b>7,424,441</b>
<b>Total liabilities, equity and other credits</b>	<b>\$4,113,611</b>	<b>\$76,507</b>	<b>\$421,629</b>	<b>\$30,539</b>	<b>\$105,899</b>	<b>\$116,237</b>	<b>\$6,158,059</b>	<b>\$1,583,835</b>	<b>\$12,606,316</b>	<b>\$12,606,316</b>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
<b>Revenues:</b>						
From local sources:						
Taxes . . . . .	\$3,000,672		\$162,793			\$3,163,465
Tuition . . . . .	25,014					25,014
Earnings on investments . . . . .	112,734			\$52		112,786
Other local revenues . . . . .	93,146	\$177,552			\$30,950	301,648
Other revenue . . . . .		11,993				11,993
Intergovernmental - state . . . . .	3,502,920	184,043	25,055	31,050		3,743,068
Intergovernmental - federal . . . . .		221,491				221,491
<b>Total revenue . . . . .</b>	<b>6,734,486</b>	<b>595,079</b>	<b>187,848</b>	<b>31,102</b>	<b>30,950</b>	<b>7,579,465</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular . . . . .	3,298,659	67,439		33,958		3,400,056
Special . . . . .	478,368	140,810				619,178
Vocational . . . . .	142,669					142,669
Support services:						
Pupil . . . . .	343,692	13,539				357,231
Instructional staff . . . . .	220,765	42,002				262,767
Board of education . . . . .	21,324				2,274	23,598
Administration . . . . .	557,580				99,901	657,481
Fiscal . . . . .	243,094		4,440			247,534
Operations and maintenance . . . . .	871,772	147,503				1,019,275
Pupil transportation . . . . .	425,726	20				425,746
Central . . . . .	114,317	7,975		5,662		127,954
Community services . . . . .		6,294			900	7,194
Extracurricular activities . . . . .	152,111	168,567				320,678
Facilities services . . . . .	68,300			227,519		295,819
Capital outlay . . . . .	95,791					95,791
Debt service:						
Principal retirement . . . . .	20,522		97,088			117,610
Interest and fiscal charges . . . . .	6,921		65,980			72,901
<b>Total expenditures . . . . .</b>	<b>7,061,611</b>	<b>594,149</b>	<b>167,508</b>	<b>267,139</b>	<b>103,075</b>	<b>8,193,482</b>
Excess of revenues over (under) expenditures . . . . .	(327,125)	930	20,340	(236,037)	(72,125)	(614,017)
Other financing sources (uses):						
Proceeds of capital lease transaction . . . . .	95,791					95,791
Operating transfers in . . . . .	21,251		42,974			64,225
Operating transfers out . . . . .	(41,482)				(742)	(42,224)
Proceeds from sale of assets . . . . .	5,250					5,250
<b>Total other financing sources (uses) . . . . .</b>	<b>80,810</b>	<b>-</b>	<b>42,974</b>	<b>-</b>	<b>(742)</b>	<b>123,042</b>
Excess of revenues and other financing sources over (under) expenditures and other financing (uses) . . . . .	(246,315)	930	63,314	(236,037)	(72,867)	(490,975)
Fund balance, July 1 . . . . .	876,571	63,703	324,460	266,546	154,077	1,685,357
Increase in reserve for inventory . . . . .	10,399					10,399
<b>Fund balance, June 30 . . . . .</b>	<b>\$640,655</b>	<b>\$64,633</b>	<b>\$387,774</b>	<b>\$30,509</b>	<b>\$81,210</b>	<b>\$1,204,781</b>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
 COMBINED STATEMENT OF REVENUES, EXPENDITURES,  
 AND CHANGES IN FUND BALANCES  
 BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)  
 ALL GOVERNMENTAL FUND TYPES  
 FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>															
From local sources:															
Taxes.....	\$2,905,041	\$2,905,041	\$0				\$186,627	\$186,627	\$0				\$3,091,668	\$3,091,668	\$0
Tuition.....	16,388	16,388	0										16,388	16,388	0
Earnings on investments.....	112,734	112,734	0							\$52	\$52		112,786	112,786	0
Other local revenues.....	89,554	89,554	0	\$165,000	\$165,000	\$0							254,554	254,554	0
Other revenue.....				12,993	12,993	0							12,993	12,993	0
Intergovernmental - State.....	3,502,120	3,502,120	0	184,043	184,043	0	25,056	25,056	0	31,050	31,050	0	3,742,269	3,742,269	0
Intergovernmental - Federal.....				209,997	209,997	0							209,997	209,997	0
Total revenues.....	6,625,837	6,625,837	0	572,033	572,033	0	211,683	211,683	0	31,102	31,102	0	7,440,655	7,440,655	0
<b>Expenditures:</b>															
Current:															
Instruction:															
Regular.....	3,318,764	3,318,764	0	72,194	72,194	0				33,990	33,990	0	3,424,948	3,424,948	0
Special.....	457,620	457,620	0	174,091	174,091	0							631,711	631,711	0
Vocational.....	139,485	139,485	0										139,485	139,485	0
Support services:															
Pupil.....	357,566	357,566	0	14,763	14,763	0							372,329	372,329	0
Instructional staff.....	215,304	215,304	0	42,742	42,742	0							258,046	258,046	0
Board of Education.....	21,891	21,891	0										21,891	21,891	0
Administration.....	589,846	589,846	0										589,846	589,846	0
Fiscal.....	237,187	237,187	0										237,187	237,187	0
Operations and maintenance.....	915,685	915,685	0	147,503	147,503	0				9,000	9,000	0	1,072,188	1,072,188	0
Pupil transportation.....	448,698	448,698	0	20	20	0							448,718	448,718	0
Central.....	108,907	108,907	0	7,976	7,976	0				5,632	5,632	0	122,515	122,515	0
Community services.....				6,293	6,293	0							6,293	6,293	0
Extracurricular activities.....	148,626	148,626	0	173,339	173,339	0				227,519	227,519	0	321,965	321,965	0
Facilities services.....	77,300	77,300	0										304,819	304,819	0
Debt service.....															
Principal retirement.....							97,088	97,088	0				97,088	97,088	0
Interest and fiscal charges.....							70,367	70,367	0				70,367	70,367	0
Total expenditures.....	7,036,879	7,036,879	0	638,921	638,921	0	167,455	167,455	0	276,141	276,141	0	8,119,396	8,119,396	0
Excess of revenues over (under) expenditures.....	(411,042)	(411,042)	0	(66,888)	(66,888)	0	44,228	44,228	0	(245,039)	(245,039)	0	(678,741)	(678,741)	0
Other financing sources (uses):															
Refund of prior year's expenditures.....	2,619	2,619	0	7,430	7,430	0							10,049	10,049	0
Operating transfers in.....	149,894	149,894	0				165,585	165,585	0				315,479	315,479	0
Operating transfers (out).....	(170,125)	(170,125)	0				(122,611)	(122,611)	0				(292,736)	(292,736)	0
Advances in.....	1,000	1,000	0	4,500	4,500	0							5,500	5,500	0
Advances (out).....	(4,500)	(4,500)	0	(1,000)	(1,000)	0							(5,500)	(5,500)	0
Proceeds of sale of fixed assets.....	5,250	5,250	0										5,250	5,250	0
Total other financing sources (uses).....	(15,862)	(15,862)	0	10,930	10,930	0	42,974	42,974	0	-	-	-	38,042	38,042	0
Excess of revenues and other financing sources over (under) expenditures and other financing (uses).....	(426,904)	(426,904)	0	(55,958)	(55,958)	0	87,202	87,202	0	(245,039)	(245,039)	0	(640,699)	(640,699)	0
Fund balances, July 1.....	1,180,312	1,180,312	0	62,042	62,042	0	294,619	294,619	0	257,784	257,784	0	1,794,757	1,794,757	0
Prior year encumbrances appropriated.....	154,906	154,906	0	41,472	41,472	0	8,794	8,794	0	8,794	8,794	0	205,172	205,172	0
Fund balances, June 30.....	\$908,314	\$908,314	\$0	\$47,556	\$47,556	\$0	\$381,821	\$381,821	\$0	\$21,539	\$21,539	\$0	\$1,359,230	\$1,359,230	\$0

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
STATEMENT OF REVENUES, EXPENSES,  
AND CHANGES IN RETAINED EARNINGS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees . . . . .	\$1,837
Sales/charges for services . . . . .	164,605
Total operating revenues . . . . .	166,442
Operating expenses:	
Personal services . . . . .	99,961
Contract services . . . . .	4,066
Materials and supplies . . . . .	95,648
Depreciation . . . . .	3,205
Total operating expenses . . . . .	202,880
Operating loss . . . . .	(36,438)
Nonoperating revenues:	
Operating grants . . . . .	36,480
Federal commodities . . . . .	11,065
Interest revenue . . . . .	1,527
Total nonoperating revenues . . . . .	49,072
Net loss before operating transfers . . . . .	12,634
Operating transfers out . . . . .	(22,001)
Net loss . . . . .	(9,367)
Retained earnings, July 1 . . . . .	70,968
Retained earnings, June 30 . . . . .	\$61,601

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**  
**LICKING COUNTY, OHIO**  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees . . . . .	\$1,837
Cash received from sales/service charges . . . . .	164,605
Cash payments for personal services . . . . .	(117,137)
Cash payments for contract services . . . . .	(4,066)
Cash payments for supplies and materials . . . . .	(85,608)
Net cash used in operating activities. . . . .	(40,369)
Cash flows from noncapital financing activities:	
Cash received from operating grants . . . . .	36,480
Transfers in from other funds . . . . .	10,000
Transfers out to other funds . . . . .	(32,001)
Net cash provided by noncapital financing activities. . . . .	14,479
Cash flows from capital and related financing activities:	
Acquisition of capital assets . . . . .	(14,403)
Net cash used in capital and related financing activities . . . . .	(14,403)
Cash flows from investing activities:	
Interest received . . . . .	1,527
Net cash provided by investing activities. . . . .	1,527
Net decrease in cash and cash equivalents. . . . .	(38,766)
Cash and cash equivalents at beginning of year. . . . .	88,626
Cash and cash equivalents at end of year. . . . .	\$49,860
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss. . . . .	(\$36,438)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation . . . . .	3,205
Federal donated commodities . . . . .	11,065
Changes in assets and liabilities:	
Increase in supplies inventory . . . . .	(1,540)
Decrease in accounts payable . . . . .	(159)
Increase in accrued wages & benefits . . . . .	3,271
Increase in compensated absences payable. . . . .	1,895
Decrease in pension obligation payable . . . . .	(22,343)
Increase in deferred revenue. . . . .	675
Net cash used in operating activities. . . . .	(\$40,369)

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The Johnstown-Monroe Local School District (the "District") is located in Licking County, in Johnstown, Ohio. The District was established in 1813 through the consolidation of existing land areas and school districts. The District currently serves an area of approximately 49 square miles and includes all of the Village of Johnstown and portions of Liberty, Monroe, and Jersey Townships, and Harlem Township in Delaware County.

The District was organized in accordance with Sections 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws, there is no authority for a school district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District currently operates four instructional buildings, one administrative building and one garage. The District employs 40 non-certified and 94 (including administrative) full-time and part-time employees to provide services to approximately 1,348 students in grades K through 12 and various community groups, which ranks it 411 out of approximately 612 school districts in Ohio.

**NOTE 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's significant accounting policies are described below.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**A. The Reporting Entity**

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure 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 for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

*Jointly Governed Organizations:*

Licking Area Computer Association (LACA) - LACA is a jointly governed organization among thirteen school districts. The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. Each of the member districts support LACA based upon a per pupil charge, dependent upon services utilized. LACA is governed by a board of directors consisting of one superintendent or his/her designee from each of the participating members. The degree of control exercised by any participating district is limited to its representation on the Board. In the event of the dissolution of LACA, the participants will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions and likewise shall participate in proceeds from the sale of assets upon liquidation. In accordance with GASB statement No. 14, the District does not have an equity interest in LACA because the residual interest in the net resources of a joint venture upon dissolution is not equivalent to an equity interest. The Licking County Joint Vocational School District is the fiscal agent for LACA. Financial statements for LACA can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

Licking County Joint Vocational School - The Licking County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial statements can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

The District is also a participant in an insurance group purchasing pool, discussed in Note 11.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**B. Fund Accounting**

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: Governmental, Proprietary and Fiduciary. Each category is divided into separate fund types.

**GOVERNMENTAL FUNDS**

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

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

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

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

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**PROPRIETARY FUNDS**

Proprietary Funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's Proprietary Fund Types:

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

**FIDUCIARY FUNDS**

*Trust and Agency Funds* - These funds are used to account for assets held by the County in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds. Expendable trusts are accounted for in essentially the same manner as governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

**ACCOUNT GROUPS**

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

*General Fixed Assets Account Group* - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Funds.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary Funds.

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

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

All Proprietary Funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary Fund Type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2001 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and the costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental Funds.

The Proprietary Funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

**D. Budgets**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2000 is as follows:

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

2. By no later than January 20, the Board-adopted budget is filed with the Licking County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District's Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District's Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2000.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency Funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed fiscal year 2000 within the amount of their legally authorized cash basis appropriation.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the year by supplemental appropriations which either reallocated or increased (decreased) the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2000 in the following amounts:

	<u>Increase</u>	<u>(Decrease)</u>
General Fund		\$ (49,447)
Special Revenue Funds	\$275,461	
Debt Service Fund	123,080	
Capital Projects Funds	9,564	
Trust Funds		<u>(92,700)</u>
Total	<u>\$408,105</u>	<u>\$(142,147)</u>

9. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

The District utilizes encumbrances in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to a commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary basis and GAAP basis of accounting. Encumbrances for Enterprise funds are reported in Note 12 to the financial statements.

**E. Cash and Investments**

To improve cash management, cash received by the District is pooled. Monies for all funds, including Proprietary Funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" (both unrestricted and restricted) on the combined balance sheet.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

During fiscal year 2000, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), certificates of deposit, and repurchase agreements.

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

Under existing Ohio statutes, all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal year 2000 totaled \$112,734, which included \$44,085 assigned from other funds of the District.

An analysis of the Treasurer's investment account at fiscal year end is provided in Note 4.

**F. Inventory**

Inventories for all Governmental Funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicate that they are unavailable for appropriation even though they are a component of reported assets.

Inventories of Proprietary Funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**G. Prepayments**

Prepayments for Governmental Funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayment and deferrals are not available to finance future Governmental Fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

**H. Fixed Assets and Depreciation**

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$250 and a useful life of less than five years. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Asset Account Group.

2. Proprietary and Non-expendable Trust Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

<u>Asset</u>	<u>Life (years)</u>
Buildings	25 - 50
Furniture, Fixtures and Minor Equipment	5 - 20
Vehicles	4 - 6

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**I. Intergovernmental Revenues**

In Governmental Funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations (excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program  
State Property Tax Relief  
School Bus Purchase

Debt Service Fund

State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds

Teacher Development  
Management Information Systems  
Eisenhower Grant  
Title VI-B  
Title I  
Title VI  
Drug-Free Schools  
Instructional Materials Subsidy  
Data Communication  
Ohio Reads

Non-Reimbursable Grants - (cont'd)

Capital Project Funds

School Net  
Technology Equity  
Power-Up Technologies

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program  
National School Milk Program

Grants and entitlements amounted to over 51% of the District's operating revenue during the 2000 fiscal year.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**J. Compensated Absences**

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service; or twenty (20) years' service at any age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from Proprietary Funds is recorded as an expense when earned.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**K. Long-Term Obligations**

In general, Governmental Fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions, and early retirement incentives that will be paid from Governmental Funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the General Long-Term Obligations Account Group until due.

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

**L. Fund Equity**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, debt service, tax revenue unavailable for appropriation, prepayments and budget stabilization. The reserve for property taxes represents taxes recognized as revenue in accordance with GAAP, but not available for appropriation in accordance with Ohio statute. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

**M. Early Retirement Incentive**

During the current fiscal year, the District established an Early Retirement Incentive Bonus. Eligible certificated employees who complete not more than 30 or 31 years of service between July 1 and June 30 or who complete no more than 25 or 26 years of service between July 1 and June 30 and have attained the age of 55 years, may make written application for the retirement incentive bonus between January 1 and April 30 of the year in which the required number of years of service is completed. Eligible members making application must teach the remainder of the contract year. Employees who retire in the first year of eligibility receive a \$10,000 bonus; \$5,000 if retirement occurs in the second year of eligibility.



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**N. Interfund Transactions**

Transactions between funds during the course of normal operations may occur. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.
2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
3. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
6. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District's interfund transactions for fiscal year 2000 is presented in Note 5.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**O. Statutory Reserves**

The District is required by State law to set-aside certain (cash basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 0	\$ 0	\$ 85,830
Current year set-aside requirement	151,360	151,360	44,977
Current year offsets	0	0	0
Qualifying disbursements	<u>(161,930)</u>	<u>(615,528)</u>	<u>0</u>
Total	<u>(10,570)</u>	<u>(464,168)</u>	<u>130,807</u>
Cash balance carried forward to FY 2001	<u>\$ 10,570</u>	<u>\$ 464,168</u>	<u>\$130,807</u>

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. These extra amounts may be used to reduce the set-aside requirements of future years.

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for budget stabilization	<u>\$130,807</u>
--	------------------

**P. Statement of Cash Flows**

In September 1989, the GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its Enterprise Funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**

**Q. Financial Reporting for Proprietary and Similar Fund Types**

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

**R. Restricted Assets**

Restricted assets in the General fund represent cash and cash equivalents set aside to establish a budget stabilization and other reserves. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction and/or for statutorily-specified purposes. A fund balance reserve has also been established. See Note 2. O. for statutory reserves.

**S. Estimates**

The preparation of financial statements in conformity with GAAP 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.

**T. Memorandum Only - Total Columns**

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Change in Basis of Accounting**

In prior years, the District has reported Agency funds using the modified accrual basis of accounting. For fiscal 2000, Agency funds are reported using the budget (cash) basis of accounting. No restatement is required because Agency funds do not report results of operations. There were no material receivables or payables in the Agency funds at June 30, 2000.

**B. Deficit Fund Balances**

Fund balances at June 30, 2000, included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Ohio Reads	\$ (18)
Title VI	(37)
Title I	(1,333)
Miscellaneous Federal Grants	(1,288)

These funds complied with Ohio state law which does not allow a cash deficit at year end.

The deficit fund balances in the Ohio Reads, Title VI, Title I and Miscellaneous Federal Grants special revenue funds are a result of accruing wage and benefit obligations in accordance with GAAP. These deficits will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS**

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

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

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

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

5. 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 only through eligible institutions;
6. The State Treasurer's Investment Pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

*Deposits:* At year end, the carrying amount of the District's deposits was \$62,923 and the bank balance was \$280,964 (both amounts include \$130,000 in non-negotiable certificates of deposit, but are exclusive of payroll clearance accounts). Of the bank balance:

1. \$230,000 was covered by federal depository insurance.
2. \$50,964 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)**

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

	Category of Risk			Fair Value
	1	2	3	
Repurchase Agreement			\$543,804	\$ 543,804
Not Subject to Categorization:				
Investment in State				
Treasurer's Investment Pool	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>1,061,970</u>
Total Investments	<u>N/A</u>	<u>N/A</u>	<u>\$543,804</u>	<u>\$1,605,774</u>

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

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 1,538,697	\$ 130,000
Investments of the Cash		
Management Pool:		
Certificates of Deposit	130,000	(130,000)
State Treasurer's Investment Pool	(1,061,970)	1,061,970
Repurchase Agreement	<u>(543,804)</u>	<u>543,804</u>
GASB Statement No. 3	<u>\$ 62,923</u>	<u>\$1,605,774</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 5 - INTERFUND TRANSACTIONS**

A. The following is a reconciliation of the District's operating transfers for fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers (Out)</u>
<u>General Fund</u>	\$21,251	\$(41,482)
<u>Debt Service Fund</u>	42,974	
<u>Expendable Trust Fund</u>		(742)
<u>Enterprise Funds</u>		
Uniform School Supplies	_____	<u>\$(22,001)</u>
Totals	<u>\$64,225</u>	<u>\$(64,225)</u>

B. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Loan Receivable</u>	<u>Interfund Loan (Payable)</u>
<u>General Fund</u>	\$4,500	
<u>Special Revenue Fund</u>		
District Managed Student Activity	_____	<u>\$(4,500)</u>
Total All Fund Types	<u>\$4,500</u>	<u>\$(4,500)</u>

**NOTE 6 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District.

Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 6 - PROPERTY TAXES - (Continued)**

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue which would otherwise have been collected.

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

	1999 Second-Half Collections		2000 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$104,590,360	88.41	\$124,107,370	90.75
Public Utility Personal	1,019,390	.87	4,935,660	3.62
Tangible Personal Property	<u>12,687,760</u>	<u>10.72</u>	<u>7,710,362</u>	<u>5.63</u>
	<u>\$118,297,510</u>	<u>100.00</u>	<u>\$136,753,392</u>	<u>100.00</u>
Tax rate per \$1,000 of assessed valuation:				
Operations	\$42.38		\$40.50	
Debt Service	2.90		2.90	

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

The Licking County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 6 - PROPERTY TAXES - (Continued)**

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end. Available tax advances at June 30, 2000, totaled \$254,592 in the General fund and \$5,175 in the Debt Service fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2000, consisted of taxes, accounts (rent and student fees) and intergovernmental grants and entitlements (to the extent that such grants and entitlements relate to the current year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal grants.

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Property	\$3,048,363
Accounts	12,836
<u>Special Revenue Funds</u>	
Accounts	14,737
<u>Debt Service Funds</u>	
Taxes - Property	39,808

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 8 - FIXED ASSETS**

General Fixed Assets Account Group furniture/equipment balance was restated at July 1, 1999, due to errors in the reporting of fixed assets.

The following changes occurred in the General Fixed Assets Account Group during fiscal year 2000:

	Balance <u>July 1, 1999</u>	<u>Increases</u>	<u>Decreases</u>	Balance <u>June 30, 2000</u>
Land/Improvements	\$ 190,143	\$ 67,602		\$ 257,745
Buildings/Improvements	3,651,774	196,727		3,848,501
Furniture/Equipment (restated)	1,251,833	431,995	\$ (38,443)	1,645,385
Vehicles	<u>541,826</u>	<u>132,406</u>	<u>(267,804)</u>	<u>406,428</u>
Total	<u>\$5,635,576</u>	<u>\$828,730</u>	<u>\$(306,247)</u>	<u>\$6,158,059</u>

A summary of the Proprietary fixed assets at June 30, 2000 follows:

Furniture and Equipment	\$113,495
Less: Accumulated Depreciation	<u>(63,412)</u>
Net Fixed Assets	<u>\$ 50,083</u>

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

In the current year, the District has entered into capitalized leases for the acquisition of telephone and voice mail systems.

Each lease meets the criteria of a capital lease as defined by FASB Statement No. 13, Accounting for Leases, which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee at the conclusion of the lease term. The new leases have been accounted for as a capital outlay expenditure and other financing source in the General fund. Capital lease payments have been reclassified and are reflected as debt service expenditures in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund. These expenditures are reflected as program/function expenditures on a budgetary basis. General fixed assets acquired by lease have been capitalized in the General Fixed Assets Account Group in the amount of \$95,791, which is equal to the present value of the future minimum lease payments as of the date of their inception. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in the 2000 fiscal year totaled \$20,522. This amount is reflected as debt service principal retirement in the General fund.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 9 - CAPITALIZED LEASES - LESSEE DISCLOSURE - (Continued)**

The following is a schedule of the future minimum lease payments required under the capital leases and the present value of the future minimum lease payments as of June 30, 2000.

<u>June 30, Year Ending</u>	<u>General Long-Term Obligations</u>	<u>Telephone and Voice-Mail Systems</u>
2001		\$ 24,278
2002		24,277
2003		24,278
2004		24,279
2005		<u>4,048</u>
Total Future Minimum Lease Payments		101,160
Less: Amount Representing Interest		<u>(17,727)</u>
Present Value of Future Minimum Lease Payments		<u>\$ 83,433</u>

**NOTE 10 - LONG-TERM OBLIGATIONS**

General obligation bonds and Energy Conservation notes are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The source of payment is derived from a current 2.90 mill bonded debt tax levy for the auditorium renovation bond and from current operating revenue for the Energy Conservation notes.

A. The following is a description of the Johnstown-Monroe Local School District bond and note outstanding as of June 30, 2000:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Issue Date</u>	<u>Maturity Date</u>	<u>Original Amount</u>	<u>Balance 07/01/99</u>	<u>Retired In Fiscal 2000</u>	<u>Balance 06/30/00</u>
Auditorium Renovation	9.25%	2/01/85	12/01/05	\$1,500,000	\$525,000	\$75,000	\$450,000
Energy Conservation Note	4.90%	4/22/99	4/22/13	<u>431,700</u>	<u>431,700</u>	<u>22,088</u>	<u>409,612</u>
				<u>\$1,931,700</u>	<u>\$956,700</u>	<u>\$97,088</u>	<u>\$859,612</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

B. The following is a summary of the District's future annual debt service requirements to maturity for the energy conservation note and general obligation bonds:

Year Ending June 30,	Principal on General Obligation Bond	Interest on General Obligation Bond	Principal on HB 264 Energy Conservation Note	Interest on HB 264 Energy Conservation Note	Total
2001	\$ 75,000	\$ 38,156	\$ 23,184	\$ 19,790	\$ 156,130
2002	75,000	31,219	24,334	18,641	149,194
2003	75,000	24,281	25,541	17,434	142,256
2004	75,000	17,344	26,808	16,167	135,319
2005	75,000	10,406	28,136	14,837	128,379
2006 - 2010	75,000	3,469	163,058	51,814	293,341
2011 - 2015	<u>          </u>	<u>          </u>	<u>118,551</u>	<u>10,371</u>	<u>128,922</u>
Total	<u>\$450,000</u>	<u>\$124,875</u>	<u>\$409,612</u>	<u>\$149,054</u>	<u>\$1,133,541</u>

C. During the year ended June 30, 2000, the following changes occurred in liabilities reported in the General Long-Term Obligations Account Group. Compensated absences, the retirement incentive, and the pension obligation will be paid from the fund from which the employee is paid.

	Balance July 1, 1999	Increase	Decrease	Balance June 30, 2000
Compensated Absences	\$ 546,958	\$ 90,741	\$ (43,370)	\$ 594,329
Pension Obligation Payable	30,026	41,461	(30,026)	41,461
Retirement Incentive Payable	0	35,000	(30,000)	5,000
General Obligation Bonds	525,000		(75,000)	450,000
HB 264 Energy Conservation Notes	431,700		(22,088)	409,612
Capital Lease	<u>8,164</u>	<u>95,791</u>	<u>(20,522)</u>	<u>83,433</u>
TOTAL	<u>\$1,541,848</u>	<u>\$262,993</u>	<u>\$(221,006)</u>	<u>\$1,583,835</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)**

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of a school district shall never exceed 9% of the total assessed valuation of the district. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the district. The effects of these debt limitations for the District at June 30, 2000, are a voted debt margin of \$12,245,579 (including available funds of \$387,774) and an unvoted debt margin of \$136,753.

**NOTE 11 - RISK MANAGEMENT**

The District does not have a "self-insurance" fund with formalized risk management programs. The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters.

During fiscal year 2000, the District contracted with various insurance providers for the following coverages:

<u>Type of Coverage</u>	<u>Deductible</u>	<u>Coverage Limitations</u>
Building and Contents - replacement cost	\$1,000	\$17,551,600
Vehicle Liability	none	2,000,000
Uninsured Motorists	none	12,500/25,000
Crime	none	2,500/10,000
Boiler and Machinery	1,000	8,200,000
Electronic Equipment	100	233,214
General Liability:		
Per Occurance	none	1,000,000
Total Per Year		5,000,000

The District provides medical/surgical benefits insurance to its employees through United Health Care, a fully funded program. The District has elected to provide employee dental insurance through Core Source, another fully funded program. The District provides life insurance and accidental death and dismemberment insurance to most employees through Unum Insurance Company.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 14. As such, no funding provisions are required by the District.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 11 - RISK MANAGEMENT - (Continued)**

Settled claims have not exceeded this commercial coverage in any of the past three years.

*OSBA WORKER'S COMPENSATION GROUP RATING*

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

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 12 - SEGMENT INFORMATION - ENTERPRISE FUNDS**

The District maintains two Enterprise Funds to account for the operations of Food Service and Uniform School Supplies. The table below reflects, in a summarized format, the more significant financial data relating to the Enterprise Funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenue	\$164,605	\$ 1,837	\$166,442
Depreciation Expense	3,205		3,205
Operating Loss	(27,622)	(8,816)	(36,438)
Nonoperating Revenue:			
Operating Grants	36,480		36,480
Federal Commodities	11,065		11,065
Operating transfers out		22,001	22,001
Net Income (Loss)	21,450	(30,817)	(9,367)
Net Working Capital	18,056	2,894	20,950
Fixed Assets:			
Additions	14,403		14,403
Total Assets	103,005	2,894	105,899
Long-Term Liabilities			
Payable from Fund			
Revenues	9,432		9,432
Total Fund Equity	58,707	2,894	61,601
Encumbrances at June 30, 2000	541		541



**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS**

**A. SCHOOL EMPLOYEES RETIREMENT SYSTEM**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides basic retirement and disability benefits, cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is established 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate, which was 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$97,255, \$101,652, and \$107,930, respectively; 43 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$54,960, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**B. STATE TEACHERS RETIREMENT SYSTEM**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 13 - DEFINED BENEFIT PENSION PLANS - (Continued)**

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$501,009, \$458,424, and \$433,369, respectively; 82 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$88,412, which represents the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

**C. SOCIAL SECURITY SYSTEM**

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

**NOTE 14 - POSTEMPLOYMENT BENEFITS**

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$286,291 during the 2000 fiscal year.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 14 - POSTEMPLOYMENT BENEFITS - (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2.783 billion at June 30, 1999. As of July 1, 1999, eligible benefit recipients totaled 95,796. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000.

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$68,004 during the 2000 fiscal year.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING**

While reporting financial position, results of operations, and changes in fund balance on the basis of GAAP, the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types 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 the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental Funds (GAAP basis).

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

**NOTE 15 - BUDGETARY BASIS OF ACCOUNTING - (Continued)**

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the Governmental funds are as follows:

	Governmental Fund Types			
	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service Fund</u>	<u>Capital Projects Funds</u>
Budget Basis	\$ (426,904)	\$(55,958)	\$87,202	\$(245,039)
Net Adjustment for Revenue Accruals	108,649	23,046	(23,835)	
Net Adjustment for Expenditure Accruals	(147,905)	33,575	(53)	2
Net Adjustment for Other Financing Sources/(Uses)	96,672	(10,930)		
Adjustment for Encumbrances	<u>123,173</u>	<u>11,197</u>	<u>---</u>	<u>9,000</u>
GAAP Basis	<u>\$ (246,315)</u>	<u>\$ 930</u>	<u>\$ 63,314</u>	<u>\$(236,037)</u>

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 16 - CONTINGENT LIABILITIES**

**A. Grants**

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

**B. Litigation**

As of the balance sheet date, the District was not involved in any litigation as either defendant or plaintiff.

**C. School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$3,115,106 of school foundation support for its General Fund.

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY, OHIO**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

**NOTE 16 - CONTINGENT LIABILITIES - (Continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the “thorough and efficient” clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, “...the mandate of the (Ohio) Constitution has not been fulfilled.” The Court’s majority recognized efforts by the Ohio General Assembly taken in response to the Court’s March 24, 1997, decision; however, it found seven “...major areas warrant further attention, study, and development by the General Assembly...,” including the State’s reliance on local property tax funding, the state’s basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State’s School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

# TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 WORTHINGTON WOODS BOULEVARD  
SUITE B  
WORTHINGTON, OHIO 43085

TELEPHONE 614.846.1899  
FACSIMILE 614.846.2799

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

Board of Education  
Johnstown-Monroe Local School District  
441 S. Main Street  
Johnstown, Ohio 43031

We have audited the general purpose financial statements of Johnstown-Monroe Local School District, Licking County, as of and for the year ended June 30, 2000, and have issued our report thereon dated October 16, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

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

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnstown-Monroe Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that we have reported to the management of Johnstown-Monroe Local School District in a separate letter dated October 16, 2000.



Board of Education  
Johnstown-Monroe Local School District

This report is intended for the information and use of the management and Board of Education of Johnstown-Monroe Local School District, Licking County, and is not intended to be and should not be used by anyone other than these specified parties.

Trimble, Julian & Grube, Inc.  
October 16, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT**

**LICKING 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  
JANUARY 09, 2001**