

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED
JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Bath Local School District
Allen County, Ohio

We have reviewed the Independent Auditor's Report of the Bath Local School District, Allen County, prepared by E. S. Evans & Company, for the audit period July 1, 2000 through June 30, 2001. 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 Bath Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 8, 2002

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BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

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E.S. Evans and Company

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

December 12, 2001

INDEPENDENT AUDITOR'S REPORT

Board of Education
Bath Local School District and
Allen County, Ohio

Auditor of State of Ohio
Columbus, Ohio

We have audited the accompanying general purpose financial statements of the Bath Local School District as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Bath Local School District, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued a report dated December 12, 2001 on our consideration of Bath Local School 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.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of Bath Local School District, Allen County, Ohio taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated in all material respects, in relation to the general purpose financial statements taken as a whole.

E.S. Evans and Company

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits			
Equity in Pooled Cash and Cash Equivalents	\$ 919,022	\$ 232,880	\$ 553,544
Equity in Pooled Cash and Cash Equivalents - Non-Expendable Trust Funds	-	-	-
Restricted Cash	211,993	-	-
Receivables -			
Taxes	8,173,132	-	866,058
Accounts	795	1,753	-
Intergovernmental	31,140	32,279	16,230
Accrued Interest	3,336	128	-
Due From Other Funds	-	-	-
Prepaid Items	23,466	-	-
Inventory	15,731	-	-
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	-	-	-
Amount to be Provided for:			
Retirement of General Obligation Bonds	-	-	-
Retirement of General Long-Term Debt	-	-	-
Total Assets and Other Debits	\$ 9,378,615	\$ 267,040	\$ 1,435,832
Liabilities, Fund Equity and Other Credits			
<u>Liabilities:</u>			
Accounts Payable	\$ 29,981	\$ 18,465	\$ 47,095
Accrued Salaries and Benefits	1,276,823	45,990	-
Due to Other Funds	20,500	4,500	-
Due to Students	-	-	-
Compensated Absences Payable	14,166	-	-
Intergovernmental Payable	227,041	15,479	-
Deferred Revenue	7,763,893	-	866,058
Sewer Line Assessment Payable	-	-	-
Energy Conservation Loan Payable	-	-	-
Asbestos Removal Loan Payable	-	-	-
Total Liabilities	9,332,404	84,434	913,153
<u>Fund Equity and Other Credits:</u>			
Investment in General Fixed Assets	-	-	-
Retained Earnings -			
Contributed Capital	-	-	-
Unreserved	-	-	-
Fund Balance -			
Reserved for Encumbrances	58,444	8,831	229,931
Reserved for Inventory	15,731	-	-
Reserved for Prepaid Items	23,466	-	-
Reserved for Property Taxes	434,002	-	-
Reserved for Textbooks	56,169	-	-
Reserved for Budget Stabilization	211,993	-	-
Unreserved Fund Balance	(753,594)	173,775	292,748
Total Fund Equity and Other Credits	46,211	182,606	522,679
Total Liabilities, Fund Equity & Other Credits	\$ 9,378,615	\$ 267,040	\$ 1,435,832

The accompanying notes are an integral part of these financial statements.

Governmental Fund Types	Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	Debt Service	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	
\$ 3,418	\$ 176,044	\$ -	\$ 37,992	\$ -	\$ -	\$ 1,922,900
-	-	-	131,633	-	-	131,633
-	-	-	-	-	-	211,993
-	-	-	-	-	-	9,039,190
-	759	-	956	-	-	4,263
-	233	-	-	-	-	79,882
-	77	-	140	-	-	3,681
-	25,000	-	-	-	-	25,000
-	-	-	-	-	-	23,466
-	32,396	-	-	-	-	48,127
-	53,004	-	-	16,831,792	-	16,884,796
-	-	-	-	-	3,418	3,418
-	-	-	-	-	2,128,140	2,128,140
<u>\$ 3,418</u>	<u>\$ 287,513</u>	<u>\$ -</u>	<u>\$ 170,721</u>	<u>\$ 16,831,792</u>	<u>\$ 2,131,558</u>	<u>\$ 30,506,489</u>
\$ -	\$ 8,298	\$ -	\$ 10,430	\$ -	\$ -	\$ 114,269
-	64,157	-	-	-	-	1,386,970
-	-	-	-	-	-	25,000
-	-	-	9,900	-	-	9,900
-	26,403	-	-	-	1,117,886	1,158,455
-	19,942	-	89	-	112,449	375,000
-	11,286	-	-	-	-	8,641,237
-	-	-	-	-	462,920	462,920
-	-	-	-	-	360,000	360,000
-	-	-	-	-	78,303	78,303
-	130,086	-	20,419	-	2,131,558	12,612,054
-	-	-	-	16,831,792	-	16,831,792
-	141,599	-	-	-	-	141,599
-	15,828	-	-	-	-	15,828
-	-	-	1,731	-	-	298,937
-	-	-	-	-	-	15,731
-	-	-	-	-	-	23,466
-	-	-	-	-	-	434,002
-	-	-	-	-	-	56,169
-	-	-	-	-	-	211,993
3,418	-	-	148,571	-	-	(135,082)
<u>3,418</u>	<u>157,427</u>	<u>-</u>	<u>150,302</u>	<u>16,831,792</u>	<u>-</u>	<u>17,894,435</u>
<u>\$ 3,418</u>	<u>\$ 287,513</u>	<u>\$ -</u>	<u>\$ 170,721</u>	<u>\$ 16,831,792</u>	<u>\$ 2,131,558</u>	<u>\$ 30,506,489</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	Governmental Fund Types	
	General	Special Revenue
<u>Revenues:</u>		
Taxes	\$ 7,981,604	\$ -
Tuition and Fees	115,883	720
Intergovernmental	2,514,131	462,609
Interest	200,667	7,698
Extracurricular Activities	-	231,899
Sales/Fundraising	-	56,793
Miscellaneous	15,489	1,330
Total Revenues	10,827,774	761,049
<u>Expenditures:</u>		
Current -		
Instruction -		
Regular	5,719,739	82,698
Special	464,720	184,050
Vocational	23,261	5
Other	248,023	-
Support Services -		
Pupils	629,922	20,606
Instruction	241,468	90,962
Board of Education	20,762	-
Administration	962,654	74,530
Fiscal	392,764	1,403
Business	119,601	1,403
Operation and Maintenance	1,125,635	9,000
Transportation	599,512	5,776
Central	68,561	866
Non-Instructional Services	-	2,484
Extracurricular Activities	286,731	304,081
Capital Outlay	-	-
Debt Service - Principal Retirement	-	-
Debt Service - Interest & Fiscal Charges	-	-
Total Expenditures	10,903,353	777,864
Excess (Deficiency) of Revenues Over (Under) Expenditures	(75,579)	(16,815)

The accompanying notes are an integral part of these financial statements.

(continued)

Governmental Fund Types		Fiduciary Fund Type	Totals
Capital Projects	Debt Service	Expendable Trust	(Memorandum Only)
\$ 878,839	\$ -	\$ -	\$ 8,860,443
-	-	-	116,603
187,148	-	-	3,163,888
8,590	-	1,925	218,880
-	-	-	231,899
-	-	19,730	76,523
-	-	-	16,819
<u>1,074,577</u>	<u>-</u>	<u>21,655</u>	<u>12,685,055</u>
224,986	-	7,862	6,035,285
-	-	-	648,770
-	-	-	23,266
-	-	-	248,023
-	-	-	650,528
-	-	10,259	342,689
-	-	-	20,762
-	-	-	1,037,184
15,530	-	-	409,697
-	-	-	121,004
220,137	-	-	1,354,772
-	-	-	605,288
-	-	4,775	74,202
-	-	-	2,484
-	-	-	590,812
208,479	-	-	208,479
-	181,434	-	181,434
-	44,024	-	44,024
<u>669,132</u>	<u>225,458</u>	<u>22,896</u>	<u>12,598,703</u>
<u>405,445</u>	<u>(225,458)</u>	<u>(1,241)</u>	<u>86,352</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	<u>Governmental Fund Types</u>	
	<u>General</u>	<u>Special Revenue</u>
<u>Other Financing Sources (Uses):</u>		
Operating Transfers In	\$ -	\$ 5,000
Operating Transfers Out	<u>(5,000)</u>	<u>-</u>
Total Other Financing Sources (Uses)	<u>(5,000)</u>	<u>5,000</u>
Excess (Deficiency) of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(80,579)	(11,815)
Fund Balances (Deficits) at Beginning of Year	<u>126,790</u>	<u>194,421</u>
Fund Balances (Deficits) at End of Year	<u>\$ 46,211</u>	<u>\$ 182,606</u>

The accompanying notes are an integral part of these financial statements.

(concluded)

<u>Governmental Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
<u>Capital Projects</u>	<u>Debt Service</u>	<u>Expendable Trust</u>	<u>(Memorandum Only)</u>
\$ -	\$ 225,458	-	\$ 230,458
<u>(225,458)</u>	<u>-</u>	<u>-</u>	<u>(230,458)</u>
<u>(225,458)</u>	<u>225,458</u>	<u>-</u>	<u>-</u>
179,987	-	(1,241)	86,352
<u>342,692</u>	<u>3,418</u>	<u>30,251</u>	<u>697,572</u>
<u>\$ 522,679</u>	<u>\$ 3,418</u>	<u>29,010</u>	<u>\$ 783,924</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND
ACTUAL - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	Governmental Fund Types		
	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ 8,083,700	\$ 8,083,717	\$ 17
Tuition and Fees	134,800	136,689	1,889
Intergovernmental	2,538,500	2,514,581	(23,919)
Interest	221,000	201,493	(19,507)
Sales/Fundraising	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	15,000	14,850	(150)
Total Revenues	10,993,000	10,951,330	(41,670)
<u>Expenditures:</u>			
Current -			
Instruction -			
Regular	5,732,414	5,720,273	12,141
Special	463,772	461,572	2,200
Vocational	28,288	27,616	672
Other	280,736	274,386	6,350
Support Services -			
Pupils	679,461	679,461	-
Instruction	228,699	228,699	-
Board of Education	32,312	21,908	10,404
Administration	987,144	958,821	28,323
Fiscal	460,176	393,228	66,948
Business	128,300	120,714	7,586
Operation and Maintenance	1,195,502	1,142,886	52,616
Transportation	761,997	668,555	93,442
Central Services	69,976	67,718	2,258
NonInstructional Services	-	-	-
Extracurricular Activities	299,195	287,653	11,542
Capital Outlay	-	-	-
Repayment of Debt	-	-	-
Total Expenditures	11,347,972	11,053,490	294,482
Excess of Revenues Over (Under) Expenditures	(354,972)	(102,160)	252,812

The accompanying notes are an integral part of these financial statements.

(continued)

Governmental Fund Types

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 878,839	\$ 878,839	\$ -
720	720	-	-	-	-
491,766	436,724	(55,042)	170,830	170,918	88
-	7,721	7,721	6,850	9,440	2,590
56,000	57,319	1,319	-	-	-
145,830	230,254	84,424	-	-	-
-	-	-	-	-	-
<u>694,316</u>	<u>732,738</u>	<u>38,422</u>	<u>1,056,519</u>	<u>1,059,197</u>	<u>2,678</u>
110,858	91,400	19,458	411,754	279,129	132,625
224,384	182,454	41,930	-	-	-
5	5	-	-	-	-
-	-	-	-	-	-
35,013	24,761	10,252	-	-	-
110,372	97,029	13,343	-	-	-
-	-	-	-	-	-
77,977	68,894	9,083	-	-	-
1,436	1,403	33	16,200	15,529	671
1,403	1,403	-	-	-	-
9,000	9,000	-	568,504	518,396	50,108
6,636	5,320	1,316	55,850	55,850	-
4,000	869	3,131	15,000	8,160	6,840
2,400	2,484	(84)	-	-	-
256,278	316,402	(60,124)	-	-	-
-	-	-	214,972	208,767	6,205
-	-	-	219,366	178,436	40,930
<u>839,762</u>	<u>801,424</u>	<u>38,338</u>	<u>1,501,646</u>	<u>1,264,267</u>	<u>237,379</u>
<u>(145,446)</u>	<u>(68,686)</u>	<u>76,760</u>	<u>(445,127)</u>	<u>(205,070)</u>	<u>240,057</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND
ACTUAL - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	Governmental Fund Types General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	\$ -	\$ -	\$ -
Refund of Prior Year Expenditures	-	29,240	29,240
Advances In	-	89,175	89,175
Operating Transfers Out	-	(5,000)	(5,000)
Refund of Prior Year Receipts	-	-	-
Advances Out	-	(62,842)	(62,842)
Total Other Financing Sources (Uses)	-	50,573	50,573
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	(354,972)	(51,587)	303,385
Prior Year Encumbrances Appropriated	239,987	239,987	-
Fund Balances (Deficit) at Beginning of Year	856,534	856,534	-
Fund Balances (Deficit) at End of Year	\$ 741,549	\$ 1,044,934	\$ 303,385

The accompanying notes are an integral part of these financial statements.

(continued)

Governmental Fund Types

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ 6,330	\$ 6,330	\$ 159,366	\$ 159,366	\$ -
-	65	65	-	-	-
-	63,011	63,011	-	-	-
-	-	-	(160,505)	(159,366)	1,139
-	-	-	-	(28,333)	(28,333)
-	(61,011)	(61,011)	-	-	-
-	8,395	8,395	(1,139)	(28,333)	(27,194)
(145,446)	(60,291)	85,155	(446,266)	(233,403)	212,863
29,904	29,904	-	356,901	356,901	-
226,290	226,290	-	153,754	153,754	-
<u>\$ 110,748</u>	<u>\$ 195,903</u>	<u>\$ 85,155</u>	<u>\$ 64,389</u>	<u>\$ 277,252</u>	<u>\$ 212,863</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND
ACTUAL - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	Governmental Fund Types Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ -	\$ -	\$ -
Tuition and Fees	-	-	-
Intergovernmental	-	-	-
Interest	-	-	-
Sales/Fundraising	-	-	-
Extracurricular Activities	-	-	-
Miscellaneous	-	-	-
Total Revenues	-	-	-
<u>Expenditures:</u>			
Current -			
Instruction -			
Regular	-	-	-
Special	-	-	-
Vocational	-	-	-
Other	-	-	-
Support Services -			
Pupils	-	-	-
Instruction	-	-	-
Board of Education	-	-	-
Administration	-	-	-
Business	-	-	-
Fiscal	-	-	-
Operation and Maintenance	-	-	-
Transportation	-	-	-
Central Services	-	-	-
NonInstructional Services	-	-	-
Extracurricular Activities	-	-	-
Capital Outlay	-	-	-
Repayment of Debt	-	-	-
Total Expenditures	-	-	-
Excess of Revenues Over (Under) Expenditures	-	-	-

The accompanying notes are an integral part of these financial statements.

(continued)

Fiduciary Fund Types Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 8,962,539	\$ 8,962,556	\$ 17
-	-	-	135,520	137,409	1,889
-	-	-	3,201,096	3,122,223	(78,873)
-	1,928	1,928	227,850	220,582	(7,268)
18,685	18,832	147	74,685	76,151	1,466
-	-	-	145,830	230,254	84,424
-	-	-	15,000	14,850	(150)
<u>18,685</u>	<u>20,760</u>	<u>2,075</u>	<u>12,762,520</u>	<u>12,764,025</u>	<u>1,505</u>
16,478	7,866	8,612	6,271,504	6,098,668	172,836
-	-	-	688,156	644,026	44,130
-	-	-	28,293	27,621	672
-	-	-	280,736	274,386	6,350
-	-	-	714,474	704,222	10,252
12,855	11,819	1,036	351,926	337,547	14,379
-	-	-	32,312	21,908	10,404
-	-	-	1,065,121	1,027,715	37,406
-	-	-	477,812	410,160	67,652
-	-	-	129,703	122,117	7,586
-	-	-	1,773,006	1,670,282	102,724
-	-	-	824,483	729,725	94,758
8,895	4,994	3,901	97,871	81,741	16,130
-	-	-	2,400	2,484	(84)
-	-	-	555,473	604,055	(48,582)
-	-	-	214,972	208,767	6,205
-	-	-	219,366	178,436	40,930
<u>38,228</u>	<u>24,679</u>	<u>(13,549)</u>	<u>13,727,608</u>	<u>13,143,860</u>	<u>583,748</u>
<u>(19,543)</u>	<u>(3,919)</u>	<u>15,624</u>	<u>(965,088)</u>	<u>(379,835)</u>	<u>585,253</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND
ACTUAL - ALL GOVERNMENTAL FUNDS TYPES AND SIMILAR TRUST FUNDS

For the Year Ended June 30, 2001

	Governmental Fund Types Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	\$ -	\$ -	\$ -
Refund of Prior Year Expenditures	-	-	-
Advances In	-	-	-
Operating Transfers Out	-	-	-
Refund of Prior Year Receipts	-	-	-
Advances Out	-	-	-
Total Other Financing Sources (Uses)	-	-	-
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	-	-	-
Prior Year Encumbrances Appropriated	-	-	-
Fund Balances (Deficit) at Beginning of Year	3,418	3,418	-
Fund Balances (Deficit) at End of Year	\$ 3,418	\$ 3,418	\$ -

The accompanying notes are an integral part of these financial statements.

(concluded)

Fiduciary Fund Types Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 159,366	\$ 165,696	\$ 6,330
-	-	-	-	29,305	29,305
-	-	-	-	152,186	152,186
-	-	-	(160,505)	(164,366)	(3,861)
-	-	-	-	(28,333)	(28,333)
-	-	-	-	(123,853)	(123,853)
-	-	-	(1,139)	30,635	31,774
(19,543)	(3,919)	15,624	(966,227)	(349,200)	617,027
51	51	-	626,843	626,843	-
30,212	30,212	-	1,270,208	1,270,208	-
<u>\$ 10,720</u>	<u>\$ 26,344</u>	<u>\$ 15,624</u>	<u>\$ 930,824</u>	<u>\$ 1,547,851</u>	<u>\$ 617,027</u>

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BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS - ALL PROPRIETARY
FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues:</u>				
Sales	\$ 574,845	\$ -	\$ -	\$ 574,845
Interest/Unrealized Gains	-	-	5,444	5,444
Contributions and Donations	-	-	133,249	133,249
Total Operating Revenues	<u>574,845</u>	<u>-</u>	<u>138,693</u>	<u>574,845</u>
<u>Operating Expenses:</u>				
Salaries	228,740	-	-	228,740
Fringe Benefits	187,031	-	-	187,031
Purchased Services	12,199	-	-	12,199
Materials and Supplies	285,766	4,140	15,401	305,307
Cost of Sales	64,571	-	-	64,571
Capital Outlay	7,594	-	-	7,594
Other	-	-	2,000	2,000
Depreciation	9,325	-	-	9,325
Total Operating Expenses	<u>795,226</u>	<u>4,140</u>	<u>17,401</u>	<u>799,366</u>
Operating Income (Loss)	<u>(220,381)</u>	<u>(4,140)</u>	<u>121,292</u>	<u>(224,521)</u>
<u>Non-Operating Revenues (Expenses):</u>				
Interest/Unrealized Gains	4,566	-	-	4,566
Operating Grants	138,582	-	-	138,582
Federal Donated Commodities	63,263	-	-	63,263
Total Non-Operating Revenues and (Expenses)	<u>206,411</u>	<u>-</u>	<u>-</u>	<u>206,411</u>
Net Income (Loss)	(13,970)	(4,140)	121,292	103,182
Fund Equity (Deficit) at Beginning of Year	<u>171,397</u>	<u>4,140</u>	<u>-</u>	<u>175,537</u>
Fund Equity (Deficit) at End of Year	<u>\$ 157,427</u>	<u>\$ -</u>	<u>\$ 121,292</u>	<u>\$ 278,719</u>

The accompanying notes are an integral part of these financial statements.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended June 30, 2001

	Proprietary Fund Types Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 573,000	\$ 573,853	\$ 853
Federal and State Subsidies	138,000	138,582	582
Interest	-	4,655	4,655
Contributions and Donations	-	-	-
Total Revenues	711,000	717,090	6,090
<u>Expenditures:</u>			
Salaries	267,000	266,587	413
Fringe Benefits	149,000	148,766	234
Purchased Services	23,700	12,199	11,501
Materials and Supplies	363,201	356,835	6,366
Miscellaneous	-	-	-
Capital Outlay	13,900	7,594	6,306
Total Expenditures	816,801	791,981	24,820
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	(105,801)	(74,891)	30,910
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditure	1,000	1,115	115
Total Other Financing Sources (Uses)	1,000	1,115	115
Excess (Deficiency) of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	(104,801)	(73,776)	31,025
Prior Year Encumbrances Appropriated	40,034	40,034	-
Fund Equity (Deficit) Beginning of Year	157,321	157,321	-
Fund Equity (Deficit) End of Year	\$ 92,554	\$ 123,579	\$ 31,025

The accompanying notes are an integral part of these financial statements.

(continued)

Proprietary Fund Types Internal Service Funds			Fiduciary Fund Types Nonexpendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	5,355	5,355
-	-	-	133,200	133,249	49
-	-	-	133,200	138,604	5,404
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
4,139	4,139	-	8,500	8,471	29
-	-	-	2,000	2,000	-
-	-	-	12,240	12,200	40
4,139	4,139	-	22,740	22,671	69
(4,139)	(4,139)	-	110,460	115,933	5,473
-	-	-	-	-	-
-	-	-	-	-	-
(4,139)	(4,139)	-	110,460	115,933	5,473
-	-	-	-	-	-
4,139	4,139	-	-	-	-
\$ -	\$ -	\$ -	\$ 110,460	\$ 115,933	\$ 5,473

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BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL -
ALL PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS

For the Year Ended June 30, 2001

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$ 573,000	\$ 573,853	\$ 853
Federal and State Subsidies	138,000	138,582	582
Interest	-	10,010	10,010
Contributions and Donations	133,200	133,249	49
Total Revenues	844,200	855,694	11,494
<u>Expenditures:</u>			
Salaries	267,000	266,587	413
Fringe Benefits	149,000	148,766	234
Purchased Services	23,700	12,199	11,501
Materials and Supplies	375,840	369,445	6,395
Miscellaneous	2,000	2,000	-
Capital Outlay	26,140	19,794	6,346
Total Expenditures	843,680	818,791	24,889
Excess/(Deficiency) of Revenues Over/(Under) Expenditures	520	36,903	36,383
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditure	1,000	1,115	115
Total Other Financing Sources (Uses)	1,000	1,115	115
Excess (Deficiency) of Revenues and Other Sources Over/(Under) Expenditures and Other Uses	1,520	38,018	36,498
Prior Year Encumbrances Appropriated	40,034	40,034	-
Fund Equity (Deficit) Beginning of Year	161,460	161,460	-
Fund Equity (Deficit) End of Year	\$ 203,014	\$ 239,512	\$ 36,498

The accompanying notes are an integral part of these financial statements.

(concluded)

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

**COMBINED STATEMENT OF CASH FLOWS - ALL
PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**

For the Year Ended June 30, 2001

	<u>Proprietary Fund Types</u>	
	<u>Enterprise</u>	<u>Internal Service</u>
Increase (Decrease) in Cash and Cash Equivalents		
<u>Cash Flows from Operating Activities:</u>		
Cash Received from Customers	\$ 573,853	\$ -
Cash Payments to Suppliers for Goods and Services	(310,344)	(4,140)
Cash Payments to Employees for Services	(266,587)	-
Cash Payments for Employee Benefits	<u>(148,766)</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>(151,844)</u>	<u>(4,140)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>		
Operating Grants Received	<u>138,582</u>	<u>-</u>
Net Cash Provided by (Used for) Noncapital Investing Activities	<u>138,582</u>	<u>-</u>
<u>Cash Flows from Capital Financing Activities:</u>		
Acquisition of Capital Assets	<u>(12,703)</u>	<u>-</u>
<u>Cash Flows from Investing Activities:</u>		
Interest/Unrealized Gains	<u>4,655</u>	<u>-</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(21,310)	(4,140)
Cash and Cash Equivalents at Beginning of Year	<u>197,354</u>	<u>4,140</u>
Cash and Cash Equivalents at End of Year	<u>\$ 176,044</u>	<u>\$ -</u>

The accompanying notes are an integral part of these financial statements.

(continued)

<u>Fiduciary Fund Type</u>	<u>Totals</u>
Nonexpendable Trust	(Memorandum Only)
\$ 133,249	\$ 707,102
(6,971)	(321,455)
-	(266,587)
-	(148,766)
<u>126,278</u>	<u>(29,706)</u>
<u>-</u>	<u>138,582</u>
<u>-</u>	<u>138,582</u>
<u>-</u>	<u>(12,703)</u>
<u>5,355</u>	<u>10,010</u>
131,633	106,183
-	201,494
<u>\$ 131,633</u>	<u>\$ 307,677</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

**COMBINED STATEMENT OF CASH FLOWS - ALL
PROPRIETARY FUND TYPES AND SIMILAR FIDUCIARY FUNDS**

For the Year Ended June 30, 2001

	Proprietary Fund Types	
	Enterprise	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities		
Operating Income (Loss)	\$ <u>(220,381)</u>	\$ <u>(4,140)</u>
Adjustments to Reconcile Operating Income (Loss) to <u>Net Cash Provided by (Used for) Operating Activities:</u>		
Depreciation	9,325	-
Donated Commodities Used During Year	63,263	-
Changes in Assets and Liabilities -		
(Increase)/Decrease in Accounts Receivable	(759)	-
(Increase)/Decrease in Intergovernmental Receivable	(233)	-
(Increase)/Decrease in Commodities Inventory	(2,112)	-
Increase/(Decrease) in Accounts Payable	(4,784)	-
Increase/(Decrease) in Accrued Salaries and Benefits	3,335	-
Increase/(Decrease) in Compensated Absences Payable	(403)	-
Increase/(Decrease) in Intergovernmental Payable	(2,515)	-
Increase/(Decrease) in Deferred Revenue	3,420	-
Interest Reported as Operating Income	-	-
Total Adjustments	<u>68,537</u>	<u>-</u>
Net Cash Provided by (Used for) Operating Activities	<u>\$ (151,844)</u>	<u>\$ (4,140)</u>

The accompanying notes are an integral part of these financial statements.

(concluded)

<u>Fiduciary Fund Type</u>	<u>Totals</u>
Nonexpendable Trust	(Memorandum Only)
\$ <u>121,292</u>	\$ <u>(103,229)</u>
-	9,325
-	63,263
-	(759)
-	(233)
-	(2,112)
10,430	5,646
-	3,335
-	(403)
-	(2,515)
-	3,420
<u>(5,444)</u>	<u>(5,444)</u>
<u>4,986</u>	<u>78,967</u>
\$ <u><u>126,278</u></u>	\$ <u><u>(24,262)</u></u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note A - Description of the School District and Reporting Entity

Description of the School

Bath Local School District is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally elected, five-member Board. The School District provides educational services as authorized by its charter or further mandated by state and/or federal agencies. The Board controls the Local School District staffed by 131 certified teaching personnel and 84 non-certified support personnel to provide services to 2,101 students.

The School District is located in Allen County, and includes the Village of Cairo and portions of Monroe and Bath Townships.

Reporting Entity

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

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note A - Description of the School District and Reporting Entity (continued)

Reporting Entity (continued)

The following activities are included within the reporting entity:

The School District is associated with the Northwest Ohio Area Computer Services Cooperative, which is a joint venture, and the Apollo Joint Vocational School, which is a joint governed organization. Information about these organizations is presented in notes M and N to the general purpose financial statements.

Excluded from the reporting entity:

Bath Local Education Foundation is a nonprofit association established to operate exclusively for charitable scientific educational and literacy purposes to promote excellence at Bath Local Schools. The District cannot abolish the organization, nor is it financially accountable to the foundation.

Note B - Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Presentation - Fund Accounting

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Basis of Presentation - Fund Accounting (continued)

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

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

Governmental Fund Types

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

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

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

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

Capital Projects Funds - The 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 or trust funds).

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Proprietary Fund Types

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

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

Internal Service Funds - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups

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

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Account Groups (continued)

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

Measurement Focus and Basis of Accounting

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

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

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis is followed for the proprietary fund types and the non-expendable trust funds.

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Measurement Focus and Basis of Accounting (continued)

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

Under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an advance, tax-payer-assessed income taxes, interest, grants, and student fees. Deferred revenues arise when assets are recognized before revenue recognition criteria have been satisfied.

Delinquent property taxes and property taxes for which there is an enforceable claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue.

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

On the accrual basis of accounting expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Budgetary Process

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

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

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

Estimated Resources

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

Appropriations

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

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

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Budgetary Process (continued)

Lapsing of Appropriations

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

Cash and Cash Equivalents

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

During fiscal year 2001, investments were limited to certificates of deposits and STAROhio. Except for investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase, investments are reported at fair value which is based on quoted market prices. Investment contracts and money market investments that had a remaining maturity of one year or less at the time of purchase are reported at cost or amortized cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 2001.

Investment earnings are allocated as authorized by state statute and Board Policy.

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Inventory

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

Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Fixed Assets and Depreciation

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

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. Improvements above \$15,000 are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Fixed Assets and Depreciation (continued)

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture, equipment, and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of five to twenty years. Buildings and improvements are depreciated over the estimated useful life of the related asset.

Intergovernmental Revenues

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

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

Entitlements:

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

Non-Reimbursable Grants:

- Special Revenue Funds
 - Auxiliary Service
 - Eisenhower Grant
 - Education Management Information Systems
 - Title I
 - Title VI
 - Title VI-B
 - Drug Free Schools
- Capital Projects Funds
 - School Net
 - School Net Plus
 - IVDL Grant

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Intergovernmental Revenues (continued)

Reimbursable Grants:

- General Fund
 - Drivers Education
- Proprietary Funds
 - National School Lunch Program
 - Government Donated Commodities

Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. Sick leave benefits are accrued as a liability using the vesting method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the assumptions concerning the probability that employees will become eligible to receive termination payments.

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Accrued Liabilities and Long-Term Obligations

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

Under Ohio law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds.

Interfund Transactions

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

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

Fund Balance Reserves

The School District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, prepaid items, property taxes, a budget stabilization reserve, and a textbook reserve.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note B - Summary of Significant Accounting Policies (continued)

Estimates

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

Total Columns on General Purpose Financial Statements

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

Note C - Budgetary Basis of Accounting

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note C - Budgetary Basis of Accounting (continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

<u>Governmental and Similar Trust Funds</u>	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
Fund Balance - GAAP Basis	\$ 46,211	\$ 182,606	\$ 522,679	\$ 29,010
Adjustments to GAAP Basis -				
Accrued Revenues/Prepaid Expenses at June 30, 2001	(8,247,600)	(34,160)	(882,288)	(935)
Accrued Expenditures/ Deferred Revenue at June 30, 2001	9,332,404	84,434	913,154	-
Encumbrances Outstanding at June 30, 2001 (Budget Basis)	<u>(86,081)</u>	<u>(36,977)</u>	<u>(276,293)</u>	<u>(1,731)</u>
Budget Basis - Fund Balance	<u>\$ 1,044,934</u>	<u>\$ 195,903</u>	<u>\$ 277,252</u>	<u>\$ 26,344</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note C - Budgetary Basis of Accounting (continued)

Proprietary and Similar Fiduciary Funds	<u>Enterprise</u>	Non Expendable <u>Trust</u>
Fund Balance - GAAP Basis	\$ 157,427	\$ 121,292
Adjustments to GAAP Basis -		
Accrued Revenues/Prepaid Expenses/ Inventory Held for Resale at June 30, 2001	(111,469)	(89)
Accrued Expenditures/ Deferred Revenue at June 30, 2001	130,087	10,430
Encumbrances Outstanding at June 30, 2001 (Budget Basis)	<u>(52,466)</u>	<u>(15,700)</u>
Budget Basis - Fund Balance	<u>\$ 123,579</u>	<u>\$ 115,933</u>

Note D - Deposits and Investments

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

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

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

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note D - Deposits and Investments (continued)

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

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

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note D - Deposits and Investments (continued)

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

Protection of School 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 monies deposited with the institution.

During fiscal year 2001, the School District's investments were limited to certificates of deposit and STAROhio.

At fiscal year end, the School District had \$100 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

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

Deposits - At fiscal year end, the carrying amount of the School District's deposits was \$1,596,090 and the bank balance was \$1,742,199. Of the bank balance, \$200,043 was covered by federal depository insurance and \$1,542,156 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note D - Deposits and Investments (continued)

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

	<u>Category 1</u>	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying/ Market Value</u>
Categorized Investments	\$ <u>500,000</u>	\$ <u>-</u>	\$ <u>-</u>	\$ 500,000
Investments not subject to categorization:				
STAR Ohio				<u>170,336</u>
Total Investments				\$ <u>670,336</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Government Entities That Use Proprietary Fund Accounting." A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note D - Deposits and Investments (continued)

	<u>Cash and Cash Equivalents/ Deposits</u>	<u>Investments</u>
GASB Statement 9	\$ 2,266,526	\$ -
Cash on Hand	(100)	-
Investments:		
Certificate of Deposit	(500,000)	500,000
STAR Ohio	<u>(170,336)</u>	<u>170,336</u>
GASB Statement 3	<u>\$ 1,596,090</u>	<u>\$ 670,336</u>

Note E - Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value lists as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be re-valued every six years. Public utility property taxes are assessed on tangible personal property 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. The assessed values upon which the fiscal year 2001 taxes were collected are listed as follows:

	<u>2000 Second - Half Valuation</u>		<u>2001 First - Half Valuation</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 142,449,650	47.63 %	\$ 150,715,810	48.35 %
Public Utility Personal	23,733,460	8.01	23,621,890	8.06
Tangible Personal Property	<u>128,398,713</u>	<u>44.36</u>	<u>130,624,783</u>	<u>43.59</u>
Total Assessed Value	<u>\$ 294,581,823</u>	<u>100.00 %</u>	<u>\$ 304,962,483</u>	<u>100.00 %</u>
Effective Tax Rate Per \$1,000 of Assessed Valuation	\$30.87		\$31.85	

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note E - Property Taxes (continued)

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Allen County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 is available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30th is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. Any amount available as an advance at June 30th is recognized as revenue.

Note F - Receivables

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

A summary of the principal items of intergovernmental receivables follows:

General Fund	\$	31,140
Special Revenue Fund		32,279
Capital Projects Fund		16,230
Enterprise		233
TOTAL	\$	<u>79,882</u>

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note G - Fixed Assets

A summary of the Enterprise Fund's fixed assets at June 30, 2001, is as follows:

Furniture and Equipment	\$ 255,681
Less: Accumulated Depreciation	<u>(202,677)</u>
Net Fixed Assets	\$ <u>53,004</u>

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

Asset Category	Balance <u>6-30-00</u>	Net Additions <u>Disposals</u>	Balance <u>6-30-01</u>
Land and Improvements	\$ 191,948	\$ -	\$ 191,948
Buildings and Improvements	12,165,990	-	12,165,990
Furniture, Fixtures, and Equipment	2,888,336	203,374	3,091,710
Vehicles	<u>1,263,616</u>	<u>118,528</u>	<u>1,382,144</u>
Total	<u>\$ 16,509,890</u>	<u>\$ 321,902</u>	<u>\$ 16,831,792</u>

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

Note H - Employee Benefits

Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Administrative and classified employees earn up to twenty days of vacation per year depending upon length of service. Vacation days are credited to classified employees as earned on a monthly basis and must be used within the next twenty-four months. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month, which is 15 days annually. For administrators, teachers, and classified employees, such days shall accumulate equal to 260 days. Vested sick leave is accumulated and, if unused, is paid upon retirement at the rate of one fourth of the accumulated sick leave when an employee has 10 years with the School District. Certified and classified employees are limited to a maximum of 55 paid days.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note H - Employee Benefits (continued)

Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

Note I - Long-Term Debt

Debt outstanding at June 30, 2001 consisted of the following:

The energy management loan was used in conjunction with a grant for the installation of heating and lighting controls for energy conservation in compliance with House Bill 264.

Energy Mangement Loans -			
Principal	\$	174,000	
Interest		4.85%	
Principal	\$	142,000	
Interest		5.30%	
Principal	\$	44,000	
Interest		4.50%	

The asbestos abatement loans are interest free loans obtained from the United States Environmental Protection Agency in conjunction with a grant for the removal of asbestos from school buildings.

Asbestos Abatement Loans (Interest Free)

Principal Outstanding Loan #1	\$	916
Principal Outstanding Loan #2	\$	77,387

Bath Local School District was assessed for a sewer improvement project. The final cost of \$487,285 will be paid over a period of 20 years with an interest rate of approximately 5%.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note I - Long-Term Debt (continued)

The annual requirements to amortize the long-term debt outstanding as of June 30, 2001 is as follows:

Year Ending June 30th	Energy Management Loan	Asbestos Removal Loan	Sewer Line Assessment
2002	\$ 144,000	\$ 14,987	\$ 24,364
2003	151,000	14,070	24,364
2004	65,000	14,070	24,364
2005	-	14,070	24,364
2006	-	14,070	24,364
Thereafter	-	7,036	341,100
TOTAL	\$ 360,000	\$ 78,303	\$ 462,920

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

	Outstanding 6-30-00	Additions	Deletions	Outstanding 6-30-01
Intergovernmental Payables	\$ 105,215	\$ 7,234	\$ -	\$ 112,449
General Obligations	1,082,658	-	181,435	901,223
Compensated Absences	<u>1,077,093</u>	<u>40,793</u>	<u>-</u>	<u>1,117,886</u>
Total General Long-Term Obligations	\$ <u>2,264,966</u>	\$ <u>48,027</u>	\$ <u>181,435</u>	\$ <u>2,131,558</u>

Compensated absences and intergovernmental payables will be paid from the fund, which the employees salary is paid. Compensated absences and intergovernmental payables additions and deletions have been netted because the calculation is an estimate making it impractical to determine.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note J - Defined Benefit Pension Plans

School Employee Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2001, 4.2 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2001, 2000, and 1999 were \$275,960, \$269,106, and \$252,726, respectively. For fiscal year 2001, 41 percent has been contributed and 100 percent for the fiscal years 2000 and 1999. For 2001, \$168,674 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

State Teachers Retirement System

The Bath Local School District participates in 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 included 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 43215-3371.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note J - Defined Benefit Pension Plans (continued)

State Teachers Retirement System (continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the Bath Local School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$819,797, \$810,472, and \$783,120, respectively. For fiscal year 2001, 85 percent has been contributed and 100 percent for the fiscal years 200 and 1999. \$140,914 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

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. The Board's liability is 6.2 percent of wages paid.

Note K - Post Employment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation 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 pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund from which health care benefits are paid. For the School District, this amount equaled \$263,506 during fiscal 2001.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note K - Post Employment Benefits (continued)

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

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

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 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, 2000 (latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 (latest information available) SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note L - Segment Information for Enterprise Funds

The School District maintains two Enterprise funds to account for the operations of food service and uniform school supplies. The following table summarizes the more significant financial data relating to the Enterprise Funds of the Bath Local School District for the fiscal year ended June 30, 2001.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note L - Segment Information for Enterprise Funds (continued)

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$ 497,625	\$ 77,220	\$ 574,845
Operating Expenses Less Depreciation	718,984	66,917	785,901
Depreciation Expense	9,325	-	9,325
Operating Income (Loss)	(210,078)	(10,303)	(220,381)
Donated Commodities	63,263	-	63,263
Operating Grants	138,582	-	138,582
Interest	4,566	-	4,566
Net Income (Loss)	(3,667)	(10,303)	(13,970)
Net Working Capital	12,245	92,178	104,423
Total Assets	187,418	100,095	287,513
Total Equity	65,249	92,178	157,427
Encumbrances Outstanding at June 30, 2001	-	52,466	52,466

Note M - Joint Venture

Northwest Ohio Area Computer Services Cooperative - The School District is a participant in the Northwest Ohio Area Computer Services Cooperative (NOACSC) which is a computer consortium. NOACSC is an association of public school districts within the boundaries of Allen, Auglaize, Hancock, Mercer, Paulding, Putnam, and Van Wert Counties. 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 school districts.

The governing board of NOACSC consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District has an equity interest that is explicit and measurable in that the joint venture agreement stipulates that the participants have a future claim to the net resources of NOACSC upon dissolution. The agreement sets forth the method to determine each members' proportionate share.

NOACSC is not accumulating significant financial resources nor is it experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. Financial information can be obtained from Michael Wildermuth, who serves as Director, at 645 South Main Street, Lima, Ohio 45804.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note N - Jointly Governed Organizations

Apollo Joint Vocational School - The Apollo Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the eleven participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Apollo Joint Vocational School, Greg Bukowski, who serves as Treasurer, at 3325 Shawnee Road, Lima, Ohio 45806.

Note O - Contingencies

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

Note P - Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Commercial Insurers for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by those insurers are as follows:

Building and Contents - replacement cost (\$1,000 deductible) \$34,230,200
Musical Instruments (\$100 deductible) \$560,000
Inland Marine Coverage \$525,000
Automobile Liability \$2,000,000
Uninsured Motorists \$2,000,000
General Liability -
 Per occurrence \$1,000,000
 Aggregate \$3,000,000

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

The School District is a member of a cooperative group established to provide a minimum premium insurance fund to pay medical claims of the employees and their covered dependents, and to minimize the total cost of annual medical insurance to the District. The hospitalization, life, dental, and health insurance program operates under the control of a Board of Trustees representing the member schools. The plan is administered by CoreSource of Westerville, Ohio.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note Q - State School Funding Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most districts. However, as of November 15, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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 and on its financial operations.

Note R – Endowment Funds

During fiscal year 2001, the Bath Local School District established two non-expendable trust funds. The Board of Education created the Ronald Dixon Memorial Scholarship Fund in memory of a deceased employee which will be used to provide scholarships to graduates of Bath High School. Also, a bequeath from the estate of a former High School Librarian, Frances Graham, was received. \$100,000 is to remain intact to provide annual interest to be used for library items. The remaining bequeath of approximately \$19,000 can be used for current needed in the high school library.

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

Note S - Restricted Assets

As stated in House Bill 412, revised in House Bill 345, school districts are required to maintain two reserves; one for capital acquisition and maintenance, and one for textbooks and other instruction materials. A reserve represents resources whose use is limited because of contractual or statutory restrictions.

The following demonstrates the District's compliance with set-aside requirements in House Bill 412:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/2000	\$ (22,831)	\$ -	\$ 211,993	\$ 189,162
Required Set-Aside	266,658	266,658	-	533,316
Offset Credits	-	266,658	-	266,658
Qualifying Expenditures	187,658	-	-	187,658
Balance, 6/30/2001	\$ 56,169	\$ -	\$ 211,993	\$ 268,162

Note T – Accountability and Compliance

Fund Deficit – The general fund, unreserved fund balance, had a deficit balance at June 30, 2001 of \$753,594 which primarily resulted from the reservation of property taxes available for advance.

Note U – Change in Accounting Principal

For fiscal year 2001, the School District has implemented Governmental Accounting Statement No. 33, *Accounting and Financial Reporting for Non-exchange Transactions*. This statement established accounting and reporting guidelines for non-exchange transactions in which a government receives or gives value without directly receiving (or giving) equal value in exchange. Implementation of this statement did not affect the financial statements as of June 30, 2000.

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BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

SCHEDULE OF FEDERAL AWARDS EXPENDITURES - CASH BASIS

For the Year Ended June 30, 2001

Federal Grantor/ Pass-Through Grantor/ Program Titles	Pass Through Entity Number	Federal CFDA Number
<u>U.S. Department of Education</u> (Passed-Through Ohio Department of Education)		
Handicapped Preschool and School Program Title VI-B	045765-6B-SF-01P 045765-6B-SF-00P	84.027 84.027
Education Consolidation and Improvement Act of 1981 Title I	045765-C1-S1-2000 045765-C1-S1-00C 045765-C1-S1-2001	84.010 84.010 84.010
Innovative Education Program Strategy	045765-C2-S1-2000 045765-C2-S1-2001	84.298 84.298
Drug Free School Grant	045765-DR-S1-1999C 045765-DR-S1-2000 045765-DR-S1-2001	84.186 84.186 84.186
Eisenhower Professional Development	045765-MS-S1-2000 045765-MS-S1-2001	84.281 84.281
Class Size Reduction Title VI-R	045765-CR-S1-2000 045765-CR-S1-2001	84.340 84.340
Total U.S. Department of Education		
<u>U.S. Department of Agriculture</u> (Passed-Through Ohio Department of Education)		
Child Nutrition Cluster:		
National School Breakfast Program		10.553
National School Lunch Program		10.555
Total Child Nutrition Cluster		
Food Distribution Program (at Fair Market Value)		10.550
Total U. S. Department of Agriculture		
Total Federal Financial Assistance		

Note A - Significant Accounting Policies

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

Note B - Food Distribution

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had \$11,286 of food commodities in inventory.

<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
\$ 94,528	\$ -	\$ 67,098	\$ -
34,475	-	34,230	-
<u>129,003</u>	<u>-</u>	<u>101,328</u>	<u>-</u>
(22,623)	-	30,947	-
22,623	-	22,623	-
<u>163,778</u>	<u>-</u>	<u>146,409</u>	<u>-</u>
<u>163,778</u>	<u>-</u>	<u>199,979</u>	<u>-</u>
7,424	-	7,578	-
4,844	-	2,518	-
<u>12,268</u>	<u>-</u>	<u>10,096</u>	<u>-</u>
-	-	14,629	-
6,394	-	9,133	-
<u>2,542</u>	<u>-</u>	<u>6,556</u>	<u>-</u>
<u>8,936</u>	<u>-</u>	<u>30,318</u>	<u>-</u>
6,145	-	5,585	-
7,097	-	3,079	-
<u>13,242</u>	<u>-</u>	<u>8,664</u>	<u>-</u>
5,335	-	10,676	-
<u>31,310</u>	<u>-</u>	<u>23,536</u>	<u>-</u>
<u>36,645</u>	<u>-</u>	<u>34,212</u>	<u>-</u>
<u>363,872</u>	<u>-</u>	<u>384,597</u>	<u>-</u>
17,929	-	17,929	-
<u>114,815</u>	<u>-</u>	<u>114,815</u>	<u>-</u>
<u>132,744</u>	<u>-</u>	<u>132,744</u>	<u>-</u>
-	66,683	-	63,263
<u>132,744</u>	<u>66,683</u>	<u>132,744</u>	<u>63,263</u>
<u>\$ 496,616</u>	<u>\$ 66,683</u>	<u>\$ 517,341</u>	<u>\$ 63,263</u>

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E.S. Evans and Company

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

December 12, 2001

**REPORT ON COMPLIANCE AND ON INTERNAL
CONTROL OVER FINANCIAL REPORTING BASED ON
AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education
Bath Local School District and
Allen County, Ohio

Auditor of State of Ohio
Columbus, Ohio

We have audited the general purpose financial statements of Bath Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Bath 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. However, we noted certain immaterial instances of noncompliance, which we have reported to management of Bath Local School District in a separate letter dated December 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bath 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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of Bath Local School District in a separate letter dated December 12, 2001.

This report is intended for the information of the management, Board of Education, Auditor of State of Ohio and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".



E.S. Evans and Company

Certified Public Accountants and Consultants

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Robert E. Wendel, CPA • Dan F. Clifford, CPA • E.S. Evans, CPA, PFS (1930-1999)

December 12, 2001

**REPORT ON COMPLIANCE WITH REQUIREMENTS
APPLICABLE TO EACH MAJOR PROGRAM AND INTERNAL CONTROL
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Board of Education
Bath Local School District
Allen County, Ohio

and

Auditor of State of Ohio
Columbus, Ohio

Compliance

We have audited the compliance of Bath Local School District with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2001. Bath Local School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Bath Local School District's management. Our responsibility is to express an opinion on Bath Local School District's compliance based on our audit.

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

In our opinion, Bath Local School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

The management of Bath Local School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Bath Local School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance 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 noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program 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 compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the management, Board of Education, Auditor of State of Ohio and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in red ink, appearing to read "E. L. Green and Company".

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED
COSTS OMB CIRCULAR A-133 § .505

June 30, 2001

A. Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under .510?	No
(d)(1)(vii)	Major Programs (list): Child Nutrition Cluster Food Distribution Program	CFDA #10.555 School Lunch Program CFDA #10.553 School Breakfast Prog CFDA#10.550 Food Distribution Prog
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

SCHEDULE OF FINDINGS AND QUESTIONED
COSTS OMB CIRCULAR A-133 § .505

June 30, 2001

B. Findings Related To The Financial Statements Required
To Be Reported In Accordance With GAGAS

None

C. Findings and Questioned Costs for Federal Awards

None

BATH LOCAL SCHOOL DISTRICT
ALLEN COUNTY, OHIO

SCHEDULE OF PRIOR AUDIT FINDINGS AND
QUESTIONED COSTS OMB CIRCULAR A-133 § .315(b)

June 30, 2001

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
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None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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BATH LOCAL SCHOOL DISTRICT

ALLEN 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 22, 2002**