

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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Board of Education
James A. Garfield Local School District
10235 State Route 88
Garrettsville, OH 44231

We have reviewed the independent auditor's report of the James A. Garfield Local School District, Portage County, prepared by Gary B. Fink & Associates, Inc., 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 James A. Garfield Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 10, 2002

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**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
INDEPENDENT AUDITOR'S REPORT
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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INDEPENDENT AUDITOR'S REPORT

Board of Education
James A. Garfield Local School District
10235 State Route 88
Garrettsville, OH 44231

We have audited the accompanying general purpose financial statements of the James A. Garfield Local School District (the District), as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our 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 James A. Garfield Local School District, as of June 30, 2001 and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 2001. This results in a change to the District's accounting for certain nonexchange revenues.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 4, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

INDEPENDENT AUDITOR'S REPORT (continued)

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the District, taken as a whole. The accompanying Schedule of Expenditures of Federal Awards 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.

A handwritten signature in black ink, appearing to read "G. B. Fink". The signature is fluid and cursive, with the first letter of each name being capitalized and prominent.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 4, 2001

GENERAL PURPOSE FINANCIAL STATEMENTS

**James A. Garfield Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits</u>				
<u>Assets</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,458,451	\$180,361	\$194,080	\$210,231
Receivables:				
Taxes	3,186,499	0	463,939	0
Accounts	158	31	0	0
Intergovernmental	5,268	34,881	0	0
Interfund Receivable	9,722	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	17,616	0	0	0
Prepaid Items	7,257	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	50,662	0	0	0
Fixed Assets (Net, Where Applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$4,735,633	\$215,273	\$658,019	\$210,231
<u>Liabilities, Fund Equity and Other Credits</u>				
<u>Liabilities</u>				
Accounts Payable	\$46,594	\$4,290	\$0	\$54,301
Accrued Wages and Benefits	871,131	38,317	0	0
Compensated Absences Payable	68,451	0	0	0
Interfund Payable	0	347	0	9,375
Intergovernmental Payable	100,782	9,933	0	33
Deferred Revenue	3,044,158	34,881	437,980	0
Due to Students	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	4,131,116	87,768	437,980	63,709
<u>Fund Equity and Other Credits</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	391,084	20,039	0	114,831
Reserved for Inventory	17,616	0	0	0
Reserved for Prepaid Items	7,257	0	0	0
Reserved for Debt Service Principal	0	0	194,080	0
Reserved for Property Taxes	142,341	0	25,959	0
Reserved for Budget Stabilization	50,662	0	0	0
Unreserved:				
Undesignated	(4,443)	107,466	0	31,691
Total Fund Equity and Other Credits	604,517	127,505	220,039	146,522
Total Liabilities, Fund Equity and Other Credits	\$4,735,633	\$215,273	\$658,019	\$210,231

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$2,502	\$22,446	\$0	\$0	\$2,068,071
0	0	0	0	3,650,438
85	0	0	0	274
2,849	0	0	0	42,998
0	0	0	0	9,722
14,748	0	0	0	14,748
1,845	0	0	0	19,461
105	0	0	0	7,362
0	0	0	0	50,662
65,315	0	12,821,789	0	12,887,104
0	0	0	220,039	220,039
0	0	0	7,918,365	7,918,365
<u>\$87,449</u>	<u>\$22,446</u>	<u>\$12,821,789</u>	<u>\$8,138,404</u>	<u>\$26,889,244</u>
\$421	\$319	\$0	\$0	\$105,925
25,153	0	0	0	934,601
17,496	0	0	1,348,798	1,434,745
0	0	0	0	9,722
14,122	80	0	69,614	194,564
10,364	0	0	0	3,527,383
0	12,394	0	0	12,394
0	0	0	6,719,992	6,719,992
<u>67,556</u>	<u>12,793</u>	<u>0</u>	<u>8,138,404</u>	<u>12,939,326</u>
0	0	12,821,789	0	12,821,789
43,465	0	0	0	43,465
(23,572)	0	0	0	(23,572)
0	0	0	0	525,954
0	0	0	0	17,616
0	0	0	0	7,257
0	0	0	0	194,080
0	0	0	0	168,300
0	0	0	0	50,662
0	9,653	0	0	144,367
<u>19,893</u>	<u>9,653</u>	<u>12,821,789</u>	<u>0</u>	<u>13,949,918</u>
<u>\$87,449</u>	<u>\$22,446</u>	<u>\$12,821,789</u>	<u>\$8,138,404</u>	<u>\$26,889,244</u>

**James A. Garfield Local School District
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues</u>				
Taxes	\$3,048,913	\$0	\$434,702	\$0
Intergovernmental	5,439,794	440,819	47,613	75,500
Interest	144,640	0	0	80,202
Tuition and Fees	21,356	0	0	0
Extracurricular Activities	0	92,081	0	0
Gifts and Donations	500	0	0	0
Miscellaneous	16,924	83,399	0	0
Total Revenues	<u>8,672,127</u>	<u>616,299</u>	<u>482,315</u>	<u>155,702</u>
<u>Expenditures</u>				
Current:				
Instruction:				
Regular	4,279,175	72,353	0	5
Special	299,687	194,786	0	0
Vocational	0	86	0	0
Other	98,165	6,371	0	0
Support Services:				
Pupils	339,433	35,570	0	0
Instructional Staff	285,670	107,341	0	0
Board of Education	27,416	0	0	0
Administration	950,309	44,313	0	0
Fiscal	233,289	2	7,818	0
Operation and Maintenance of Plant	1,264,325	0	0	0
Pupil Transportation	676,714	1,721	0	0
Central	0	65,941	0	0
Operation of Non-Instructional Services	0	0	0	68,869
Extracurricular Activities	198,039	65,053	0	0
Capital Outlay	0	0	0	3,702,142
Debt Service:				
Principal Retirement	0	0	206,500	0
Interest and Fiscal Charges	0	0	307,332	0
Total Expenditures	<u>8,652,222</u>	<u>593,537</u>	<u>521,650</u>	<u>3,771,016</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>19,905</u>	<u>22,762</u>	<u>(39,335)</u>	<u>(3,615,314)</u>
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Fixed Assets	501	0	0	0
Operating Transfers In	215,378	115	0	0
Operating Transfers Out	(247,895)	0	0	0
Total Other Financing Sources (Uses)	<u>(32,016)</u>	<u>115</u>	<u>0</u>	<u>0</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	<u>(12,111)</u>	<u>22,877</u>	<u>(39,335)</u>	<u>(3,615,314)</u>
Fund Balances at Beginning of Fiscal Year	615,223	104,628	259,374	3,761,836
Residual Equity Transfers	(80)	0	0	0
Increase in Reserve for Inventory	1,485	0	0	0
Fund Balances at End of Fiscal Year	<u>\$604,517</u>	<u>\$127,505</u>	<u>\$220,039</u>	<u>\$146,522</u>

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type	Totals (Memorandum Only)
\$0	\$3,483,615
0	6,003,726
687	225,529
0	21,356
0	92,081
10,400	10,900
0	100,323
<u>11,087</u>	<u>9,937,530</u>
0	4,351,533
0	494,473
0	86
0	104,536
0	375,003
3,010	396,021
0	27,416
0	994,622
0	241,109
0	1,264,325
0	678,435
0	65,941
11,964	80,833
25	263,117
0	3,702,142
0	206,500
0	307,332
<u>14,999</u>	<u>13,553,424</u>
<u>(3,912)</u>	<u>(3,615,894)</u>
0	501
0	215,493
0	(247,895)
<u>0</u>	<u>(31,901)</u>
(3,912)	(3,647,795)
13,565	4,754,626
0	(80)
0	1,485
<u>\$9,653</u>	<u>\$1,108,236</u>

**James A. Garfield Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$5,382,157	\$5,435,527	\$53,370
Interest	125,000	144,640	19,640
Tuition and Fees	18,000	21,447	3,447
Extracurricular Activities	0	0	0
Gifts and Donations	0	500	500
Property and Other Local Taxes	2,958,816	3,017,282	58,466
Miscellaneous	3,500	16,781	13,281
Total Revenues	8,487,473	8,636,177	148,704
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	4,451,980	4,313,868	138,112
Special	321,254	303,281	17,973
Other	226,184	184,495	41,689
Support Services:			
Pupils	373,289	360,124	13,165
Instructional Staff	340,948	299,316	41,632
Board of Education	34,202	28,054	6,148
Administration	1,021,819	993,033	28,786
Fiscal	265,166	239,446	25,720
Operation and Maintenance of Plant	1,475,828	1,427,907	47,921
Pupil Transportation	800,293	742,756	57,537
Central	1,350	775	575
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	191,701	191,701	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	9,504,014	9,084,756	419,258
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,016,541)	(448,579)	567,962
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	215,378	215,378	0
Proceeds from Sale of Fixed Assets	500	501	1
Refund of Prior Fiscal Year Expenditures	20,000	23,511	3,511
Advances In	56,647	56,647	0
Operating Transfers Out	(248,332)	(247,975)	357
Advances Out	(75,000)	(66,369)	8,631
Refund of Prior Fiscal Year Receipts	0	0	0
Total Other Financing Sources (Uses)	(30,807)	(18,307)	12,500
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(1,047,348)	(466,886)	580,462
Fund Balances at Beginning of Fiscal Year	1,160,014	1,160,014	0
Prior Fiscal Year Encumbrances Appropriated	378,872	378,872	0
Fund Balances at End of Fiscal Year	\$491,538	\$1,072,000	\$580,462

See accompanying notes to the general purpose financial statements.

Governmental Fund Types					
Special Revenue			Debt Service		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$447,621	\$444,155	(\$3,466)	\$47,937	\$47,613	(\$324)
0	0	0	0	0	0
0	0	0	0	0	0
81,800	92,081	10,281	0	0	0
0	0	0	0	0	0
0	0	0	411,527	427,847	16,320
64,000	83,925	19,925	0	0	0
<u>593,421</u>	<u>620,161</u>	<u>26,740</u>	<u>459,464</u>	<u>475,460</u>	<u>15,996</u>
77,125	63,644	13,481	0	0	0
200,835	182,656	18,179	0	0	0
22,460	6,583	15,877	0	0	0
37,634	36,572	1,062	0	0	0
135,415	103,758	31,657	0	0	0
0	0	0	0	0	0
50,685	48,552	2,133	0	0	0
0	0	0	8,310	7,818	492
0	0	0	0	0	0
1,671	1,671	0	0	0	0
67,113	67,113	0	0	0	0
0	0	0	0	0	0
80,425	78,354	2,071	0	0	0
0	0	0	0	0	0
0	0	0	206,500	206,500	0
0	0	0	307,332	307,332	0
<u>673,363</u>	<u>588,903</u>	<u>84,460</u>	<u>522,142</u>	<u>521,650</u>	<u>492</u>
<u>(79,942)</u>	<u>31,258</u>	<u>111,200</u>	<u>(62,678)</u>	<u>(46,190)</u>	<u>16,488</u>
0	115	115	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
15,252	15,252	0	0	0	0
0	0	0	0	0	0
(14,905)	(14,905)	0	0	0	0
(3,336)	(3,336)	0	0	0	0
<u>(2,989)</u>	<u>(2,874)</u>	<u>115</u>	<u>0</u>	<u>0</u>	<u>0</u>
(82,931)	28,384	111,315	(62,678)	(46,190)	16,488
102,825	102,825	0	240,271	240,271	0
24,848	24,848	0	0	0	0
<u>\$44,742</u>	<u>\$156,057</u>	<u>\$111,315</u>	<u>\$177,593</u>	<u>\$194,081</u>	<u>\$16,488</u>

(continued)

James A. Garfield Local School District
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis) (Continued)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2001

	Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues</u>			
Intergovernmental	\$69,500	\$75,500	\$6,000
Interest	80,177	80,202	25
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Property and Other Local Taxes	0	0	0
Miscellaneous	0	0	0
Total Revenues	149,677	155,702	6,025
<u>Expenditures</u>			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	104,753	69,723	35,030
Extracurricular Activities	0	0	0
Capital Outlay	4,543,144	4,543,144	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	4,647,897	4,612,867	35,030
Excess (Deficiency) of Revenues Over (Under) Expenditures	(4,498,220)	(4,457,165)	41,055
<u>Other Financing Sources (Uses)</u>			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Fiscal Year Expenditures	0	0	0
Advances In	9,375	9,375	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
Refund of Prior Fiscal Year Receipts	0	0	0
Total Other Financing Sources (Uses)	9,375	9,375	0
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing (Uses)	(4,488,845)	(4,447,790)	41,055
Fund Balances at Beginning of Fiscal Year	148,963	148,963	0
Prior Fiscal Year Encumbrances Appropriated	4,339,927	4,339,927	0
Fund Balances at End of Fiscal Year	\$45	\$41,100	\$41,055

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,947,215	\$6,002,795	\$55,580
1,000	687	(313)	206,177	225,529	19,352
0	0	0	18,000	21,447	3,447
0	0	0	81,800	92,081	10,281
10,790	10,400	(390)	10,790	10,900	110
0	0	0	3,370,343	3,445,129	74,786
0	0	0	67,500	100,706	33,206
11,790	11,087	(703)	9,701,825	9,898,587	196,762
86	0	86	4,529,191	4,377,512	151,679
0	0	0	522,089	485,937	36,152
0	0	0	248,644	191,078	57,566
0	0	0	410,923	396,696	14,227
3,450	3,010	440	479,813	406,084	73,729
0	0	0	34,202	28,054	6,148
0	0	0	1,072,504	1,041,585	30,919
0	0	0	273,476	247,264	26,212
0	0	0	1,475,828	1,427,907	47,921
0	0	0	801,964	744,427	57,537
0	0	0	68,463	67,888	575
17,500	11,964	5,536	122,253	81,687	40,566
290	25	265	272,416	270,080	2,336
0	0	0	4,543,144	4,543,144	0
0	0	0	206,500	206,500	0
0	0	0	307,332	307,332	0
21,326	14,999	6,327	15,368,742	14,823,175	545,567
(9,536)	(3,912)	5,624	(5,666,917)	(4,924,588)	742,329
0	0	0	215,378	215,493	115
0	0	0	500	501	1
0	0	0	20,000	23,511	3,511
0	0	0	81,274	81,274	0
0	0	0	(248,332)	(247,975)	357
0	0	0	(89,905)	(81,274)	8,631
0	0	0	(3,336)	(3,336)	0
0	0	0	(24,421)	(11,806)	12,615
(9,536)	(3,912)	5,624	(5,691,338)	(4,936,394)	754,944
13,566	13,566	0	1,665,639	1,665,639	0
0	0	0	4,743,647	4,743,647	0
\$4,030	\$9,654	\$5,624	\$717,948	\$1,472,892	\$754,944

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

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<u>Operating Revenues</u>	
Sales	\$276,787
Other Revenue	5,003
Total Operating Revenues	<u>281,790</u>
<u>Operating Expenses</u>	
Salaries	169,206
Fringe Benefits	56,783
Purchased Services	12,883
Materials and Supplies	20,891
Cost of Sales	193,461
Depreciation	7,507
Other Operating Expenses	2,030
Total Operating Expenses	<u>462,761</u>
Operating (Loss)	<u>(180,971)</u>
<u>Non-Operating Revenues (Expenses)</u>	
Federal Donated Commodities	33,989
Interest	238
Federal and State Subsidies	101,642
Loss on Sale of Fixed Assets	(2,328)
Total Non-Operating Revenues (Expenses)	<u>133,541</u>
(Loss) Before Operating Transfers	(47,430)
Operating Transfers In	<u>32,402</u>
Net (Loss)	(15,028)
Retained (Deficit) Earnings at Beginning of Fiscal Year	<u>(8,544)</u>
Retained (Deficit) Earnings at End of Fiscal Year	<u>(23,572)</u>
Contributed Capital at Beginning of Fiscal Year	<u>43,465</u>
Contributed Capital at End of Fiscal Year	<u>43,465</u>
Total Fund Equity at End of Fiscal Year	<u><u>\$19,893</u></u>

See accompanying notes to the general purpose financial statements.

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

	<u>Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Cash Received from Customers	\$276,763
Cash Payments to Suppliers for Goods and Services	(185,832)
Cash Payments to Employees for Services	(156,847)
Cash Payments for Employee Benefits	(73,610)
Other Operating Revenues	5,428
Other Operating Expenses	<u>(2,134)</u>
Net Cash (Used for) Operating Activities	<u>(136,232)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Operating Grants Received	114,412
Operating Transfers In	32,402
Short-Term Loans From Other Funds	41,742
Repayment of Short-Term Loans from Other Funds	<u>(41,742)</u>
Net Cash Provided by Noncapital Financing Activities	<u>146,814</u>
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition of Capital Assets	<u>(11,115)</u>
Net Cash (Used for) Capital and Related Financing Activities	<u>(11,115)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>238</u>
Net Cash Provided by Investing Activities	<u>238</u>
Net (Decrease) in Cash and Cash Equivalents	(295)
Cash and Cash Equivalents at Beginning of Fiscal Year	<u>2,797</u>
Cash and Cash Equivalents at End of Fiscal Year	<u><u>\$2,502</u></u>
<u>Reconciliation of Operating Income to Net Cash (Used for) Operating Activities</u>	
Operating (Loss)	<u>(\$180,971)</u>
<u>Adjustments to Reconcile Operating (Loss) to Net Cash (Used for) Operating Activities</u>	
Depreciation	7,507
Donated Commodities Used During Fiscal Year	33,989
Changes in Assets and Liabilities:	
(Increase)/Decrease in Accounts Receivable	356
(Increase)/Decrease in Prepaid Items	(97)
(Increase)/Decrease in Inventory Held for Resale	5,763
(Increase)/Decrease in Materials and Supplies Inventory	1,592
Increase/(Decrease) in Accounts Payable	97
Increase/(Decrease) in Accrued Wages and Benefits	76
Increase/(Decrease) in Compensated Absences Payable	(9,549)
Increase/(Decrease) in Intergovernmental Payable	<u>5,005</u>
Total Adjustments	<u>44,739</u>
Net Cash (Used for) Operating Activities	<u><u>(\$136,232)</u></u>

See accompanying notes to the general purpose financial statements.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE ENTITY

The James A. Garfield Local School District (the District) is organized under Sections 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a district to have a charter or adopt local laws. The legislative power of the District is vested in the Board of Education, consisting of five members elected at large for staggered four-year terms by the citizens of the District.

The District serves an area of approximately 56 square miles in Portage County including the Village of Garrettsville and portions of the surrounding townships of Freedom, Nelson, Hiram and Charlestown.

The District is the 356th largest in the State of Ohio (among 611 Districts) in terms of enrollment (Fall 2000 enrollment count). It currently operates one elementary school, one middle school and one comprehensive high school. The District is staffed by 68 non-certified and 101 certified personnel to provide services to approximately 1,581 students and other community members.

The District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media, and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. These District operations will be included as a part of the reporting entity.

The District adopted the provisions of Government Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, under which the financial statements include all the organizations, activities, functions and component units for which the District is financially accountable. Financial accountability is defined as the appointment of a voting majority of the component unit's board and either (1) the District's ability to impose its will over the component unit, or (2) the possibility that the component unit will provide a financial benefit to or impose a financial burden on the District.

On this basis, the combined general purpose financial statements include all the funds and account groups of the District over which the Board of Education exercises operating controls. The management has determined that the District has no component units.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

BASIS OF PRESENTATION - FUND ACCOUNTING

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (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 that are not recorded in the funds because they do not directly affect net expendable available financial resources.

For general purpose financial statement presentation purposes, the various funds of the District are grouped into the following generic fund types under the broad fund categories: governmental, proprietary, and fiduciary. Each category is then divided into various fund types. The following are the fund types and account groups utilized by the District.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use, and balance of the District's expendable financial resources and the related current liabilities are accounted for through governmental funds, except those accounted for in proprietary and fiduciary funds. The measurement focus is upon determination of financial position and changes in financial position. The following are the District's governmental fund types:

General Fund

The general fund is the operating fund of the District and is used to account for all financial resources except those accounted for in another fund as required by law or contract. The general fund balance is available to the 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 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 debt principal, interest and related costs.

Capital Projects Funds

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

PROPRIETARY FUND

Proprietary funds are used to account for the District's ongoing activities that are similar to those often found in the private sector. The District applies all applicable pronouncements from the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989 when accounting and reporting its proprietary operations. The following is the District's proprietary fund type:

Enterprise Fund

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

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, or other funds. The following are the District's fiduciary funds:

Expendable Trust Fund

This fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. The expendable trust fund accounts for assets where both the principal and interest may be spent.

Agency Funds

These funds are purely custodial in nature and thus 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 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 District, other than those accounted for in the proprietary fund.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary fund.

MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

The modified accrual basis of accounting is used for reporting purposes by all governmental fund types, expendable trust funds and agency funds. Under this basis of accounting, the District recognizes revenues in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined. "Available" means collectible within the current fiscal period or soon enough thereafter to be used to pay liabilities of the current fiscal period, which the District considers to be sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: amounts available as an advance on property taxes, investment earnings, tuition, grants and entitlements, and student fees.

The District reports deferred revenue on its Combined Balance Sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the Combined Balance Sheet and revenue is recognized. Property taxes measurable as of June 30, 2001, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue. In the proprietary fund types, unused donated commodities are reported as deferred revenue.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Most expenditures are measurable and are recorded when the related fund liability is incurred except for unmatured principal and interest on general long-term debt which is reported only when due, and the costs of accumulated unpaid vacation and sick leave which are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

Proprietary funds are accounted for on the accrual basis of accounting. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. The fair value of donated commodities used during the fiscal year is reported in the operating statement as an expense with a like amount reported as donated commodities non-operating 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 Appropriation Resolution are subject to amendment throughout the fiscal year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds other than agency funds are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level for all funds. Budgetary modifications may only be made by resolution of the Board of Education.

Tax Budget

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. No later than January 20, the Board-adopted budget is filed with the Portage 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 Budget Commission and receives the commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the Appropriation Resolution. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding fiscal year. The Certificate may be further amended during the fiscal year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflects the amounts set forth in the final amended Certificate issued for fiscal 2001.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Appropriations

By October 1, the annual Appropriation Resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the Appropriation Resolution, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. Appropriations by fund must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent Certificate of Estimated Resources.

Formal budgetary integration is employed as a management control device during the fiscal year for all funds consistent with statutory provisions. Appropriation amounts are as originally adopted, or as amended by the Board of Education throughout the fiscal year by supplemental appropriations which either reallocate or increase the original appropriated amounts. During the fiscal year, several supplemental appropriation measures were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statement of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications.

Encumbrances

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

Lapsing of Appropriations

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

CASH AND CASH EQUIVALENTS

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the Combined Balance Sheet. During fiscal year 2001, investments were limited to STAR Ohio and overnight repurchase agreements.

Nonparticipating investment contracts such as overnight repurchase agreements are reported at cost.

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Following Ohio statutes, the Board of Education has specified the funds to receive an allocation of interest earnings. Interest credited to the general fund amounted to \$144,640 during fiscal year 2001, which includes \$64,070 assigned from other District funds.

For purposes of the Combined Statement of Cash Flows and for presentation on the Combined Balance Sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the District are considered to be cash equivalents.

RESTRICTED ASSETS

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve may be used by the District to offset any budget deficit the District may experience in future fiscal years. A fund balance reserve has also been established.

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 are recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used. Reported material and supplies inventory is equally offset by a fund balances reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated and purchased food and non-food supplies, and they are expensed when used. Unused donated commodities are reported as deferred revenue.

PREPAIDS

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 fiscal year in which the services are consumed. The total of prepaid items at fiscal year end is reported as a reservation of fund balances in governmental funds because it does not represent available spendable resources.

FIXED ASSETS AND DEPRECIATION

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost when historical records are available and at an estimated historical cost when no historical cost records exist. Donated fixed assets are valued at their estimated fair market value on the date received. The District does not possess any infrastructure.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. In proprietary funds, improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years.

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

REVENUES – EXCHANGE AND NON-EXCHANGE TRANSACTIONS

Exchange transactions are those in which each party to a transaction gives and receives essentially something of equal value. Proprietary funds, where the full accrual basis of accounting is used, record revenue when the exchange takes place. Governmental funds, where the modified accrual basis of accounting is used, record revenue in the fiscal year in which the resources are both measurable and available.

Non-exchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Property taxes available as an advance at June 30, are recognized as revenue. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied and the revenues are both measurable and available. 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.

COMPENSATED ABSENCES

The District reports compensated absences in accordance with the provisions of GASB Statement No. 16 “Accounting for Compensated Absences”. Vacation leave and other compensated absences with similar characteristics should be accrued as a liability as the benefits are earned by the employees if both of the following conditions are met.

1. The employees’ rights to receive compensation are attributable to services already rendered.
2. It is probable that the employer will compensate the employees for the benefits through paid time off or some other means.

Other compensated absences with characteristics similar to vacation leave are those which are not contingent on a specific event outside the control of the employer and employee.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Further, sick leave and other similar compensated absences are those which are contingent on a specific event that is outside the control of the employer and employee. The District has accrued a liability for these compensated absences using the vested method. The liability for severance payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive severance termination payments, as well as those employees, who have at least 15 years of service and are at least 45 years of age.

For governmental funds, that portion of the liability which is non-current is reported in the general long-term obligations account group. Liabilities that use current expendable resources are recorded in the fund from which the employees are paid. In proprietary funds, compensated absences are expensed when earned and the entire amount is reported as a fund liability.

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, 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, payments made more than sixty days after fiscal year end are considered not to have been made with current available financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

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

FUND BALANCES RESERVES

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations or expenditures. Designations represent tentative plans for future use of financial resources. Unreserved fund balances indicate that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaid items, budget stabilization, property taxes and debt service principal.

INTERFUND TRANSACTIONS

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

ESTIMATES

The preparation of general purpose financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the of general purpose 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 (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 3 – CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”. At June 30, 2000, there was no effect on fund balances as a result of implementing GASB Statement No. 33.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations and changes in fund balances 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 and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis), All Government Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget and the GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Outstanding fiscal year-end encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balances for governmental fund types.
4. Advances are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

Adjustments necessary to convert the results of operations at the end of the fiscal year on the GAAP basis to the budget basis are as follows:

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$12,111)	\$22,877	(\$39,335)	(\$3,615,314)	(\$3,912)
Net Adjustment for Revenue Accruals	44,208	19,114	(6,855)	9,375	0
Net Adjustment for Expenditure Accruals	(61,868)	10,693	0	(672,719)	0
Encumbrances	(437,115)	(24,300)	0	(169,132)	0
Budget Basis	<u>(\$466,886)</u>	<u>\$28,384</u>	<u>(\$46,190)</u>	<u>(\$4,447,790)</u>	<u>(\$3,912)</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

Deposits and investments are restricted by provisions of the Ohio Revised Code. Statutes require the classification of monies held by the 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 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 may be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts. Interim monies are permitted to be deposited or invested in the following securities:

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments and Reverse Purchase Agreements".

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Deposits

At fiscal year end, the reported amount of the District's deposits was \$(207,352) and the bank balance was \$15,571. The entire bank balance was covered by Federal depository insurance.

Investments

The District's investments are categorized below to give an indication of the level of credit risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department or agent but not in the District's name.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during the fiscal year ended June 30, 2001. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001. At June 30, 2001, the fair value of STAR Ohio was \$2,204,917. Investments in STAR Ohio are not categorized since they are not evidenced by securities that exist in physical or book entry form.

Category	1	2	3	Fair Value
Overnight Repurchase Agreements	\$0	\$0	\$121,168	\$121,168
STAR Ohio	0	0	0	2,204,917
 Total Investments	 \$0	 \$0	 \$121,168	 \$2,326,085

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$2,118,733	\$0
Investments of the Cash Management Pool:		
STAR Ohio	(2,204,917)	2,204,917
Overnight Repurchase Agreements	(121,168)	121,168
GASB Statement No. 3	<u>(\$207,352)</u>	<u>\$2,326,085</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the Districts' fiscal year runs from July through June. Second half distributions occur in a subsequent fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal property used in business located in the District. Real property taxes are levied after April 1 on the assessed value listed 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 are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100 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 previous year. Tangible personal property assessments are 25 percent of true value.

The assessed values upon which the fiscal year 2001 taxes were collected are:

Category	2000 Second Half Collections		2001 First Half Collections	
	Amount	%	Amount	%
Real Property Valuation:				
Commercial/Industrial/Mineral	\$10,644,270	9.83%	\$12,262,120	9.50%
Residential/Agriculture	78,105,100	72.16%	97,774,120	75.76%
Public Utilities	23,530	0.02%	25,290	0.02%
Manufactured Home	2,393,707	2.21%	2,399,402	1.86%
Tangible Personal Property Valuation:				
Public Utilities	7,822,750	7.23%	6,548,680	5.08%
General	9,250,662	8.55%	10,043,732	7.78%
Total Valuation	<u>\$108,240,019</u>	<u>100.00%</u>	<u>\$129,053,344</u>	<u>100.00%</u>

Tax rate per \$1,000 of Assessed Valuation	\$61.30	\$61.20
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**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES (continued)

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20. 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 Portage County Treasurer collects property tax on behalf of all taxing districts within the County. The County Auditor periodically advances to the District their portion of the taxes collected. The amount available to the District as an advance at 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 represents 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 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current fiscal year operations. The amount available as an advance at June 30 and reflected in 2001 revenue was \$168,300; of which \$142,341 was available to the general fund and \$25,959 was available to the debt service fund. The amount available as an advance at June 30 is also reflected as a reservation of fund balance for future appropriations.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts, intergovernmental entitlements and 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 year guarantee of Federal funds. A summary of the items of intergovernmental receivables follows:

<u>Intergovernmental Receivables</u>	<u>Amount</u>
General	\$5,268
Special Revenue Fund	
Eisenhower Grant	679
Title I Grant	13,157
Title VI Grant	6,134
Drug-Free Schools Grant	627
Title VI-R Grant	14,284
Total Special Revenue	<u>34,881</u>
Enterprise Fund	
Food Service	2,849
Total Intergovernmental Receivables	<u><u>\$42,998</u></u>

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$163,043
Vehicles	15,432
Less: Accumulated Depreciation	<u>(113,160)</u>
Net Fixed Assets	<u><u>\$65,315</u></u>

A summary of the changes in general fixed assets follows:

	Balance 07/01/2000	Additions	Deletions	Balance 06/30/2001
Land	\$376,097	\$0	\$0	\$376,097
Buildings	3,711,699	6,234,261	0	9,945,960
Furniture, Fixtures and Equipment	1,630,413	296,621	(207,650)	1,719,384
Vehicles	919,103	61,804	(200,559)	780,348
Construction in Progress	<u>2,064,068</u>	<u>0</u>	<u>(2,064,068)</u>	<u>0</u>
Total	<u><u>\$8,701,380</u></u>	<u><u>\$6,592,686</u></u>	<u><u>(\$2,472,277)</u></u>	<u><u>\$12,821,789</u></u>

NOTE 9 - RISK MANAGEMENT

Portage Area Schools Consortium - Property/Casualty Pool

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District has joined together with other districts in the State to form the Portage Area Schools Consortium Property Casualty Pool, a public entity risk pool currently operating as a common risk management and insurance program for nine member school districts. The District's property and fleet insurance liability limit is \$22,700,400.

The District carries liability coverage through Nationwide Ohio School District Liability Insurance. The limits for liability coverage is \$1,000,000 each occurrence and \$5,000,000 aggregate. Employee benefits liability coverage is included in the District's liability coverage with same basic policy limits.

The District's umbrella policy has a liability limit of \$2,000,000.

Portage Area Schools Consortium - Administrative Services

The District has joined together with nine other districts in Portage County to form the Portage Area Schools Consortium, an agreement by and between the group of nine schools and Benefit Services, Inc., a third party administrator. The public entity risk pool operates as a common risk management and insurance program for the member districts. The districts pay a premium to the Portage Area Schools Consortium for its medical, dental, life and prescriptions.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 9 - RISK MANAGEMENT (continued)

The health and dental plan are administered by Benefit Services, Inc. Under this plan, the districts are responsible for paying claims out of its reserve up to \$100,000 per individual per year for a total aggregate of \$12,223,048. The districts' stop-loss carrier is the AIG Life Insurance Company.

The Districts' life insurance coverage is provided by Anthem Life Insurance Company.

Settled claims resulting from these risks have not exceeded the total aggregate commercial insurance coverage in any of the past three fiscal years. There has not been a significant reduction of coverage from the prior fiscal year.

OSBA Group Rating Program

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating districts is calculated as one experience and a common premium rate is applied to all districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to districts that can meet the GRP's selection criteria. The firm of GatesMcDonald & Co. provides administrative, cost control and actuarial services to the GRP. GatesMcDonald Health Plus, Inc. serves as the District's managed care organization.

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS

Stark/Portage Area Computer Consortium (SPARCC)

The District is a participant with other districts in a joint venture to operate the Stark/Portage Area Computer Consortium (SPARCC). SPARCC was formed for the purpose of providing computer services to the member school districts. SPARCC is governed by a board of directors consisting of the Superintendent of the member districts. Members of SPARCC are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The degree of control exercised by any participating district is limited to its representation on the Board.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 10 – JOINTLY GOVERNED ORGANIZATIONS (continued)

Portage Area Schools Consortium

The District is a participant with other districts in Portage County to form the Portage Area Schools Consortium. The Portage Area Schools Consortium was established for the purpose of promoting cooperative agreements and activities among its nine members and any other future members in dealing with problems of mutual concern. Present agreements are 1.) Agreement Regarding Health Care Benefits Program/Health & Welfare Trust, and 2.) Agreement Regarding the Property and Casualty Insurance Program. The Portage Area Schools Consortium is governed by a council of governments consisting of the Superintendent of each of the member districts. The degree of control exercised by any member district is limited to its representation on the Council of Governments. Members of the Health & Welfare Trust are charged a monthly premium for each of the types of insurance they purchase through the consortium. Premiums are determined by the Council of Governments and based upon estimated program costs. The District carried its medical, dental, prescription, life and cobra insurance through the Health & Welfare Trust. Members of the Property & Casualty Insurance Program are charged an annual premium based on estimated program costs.

Maplewood Area Joint Vocational School

The Vocational School District is also a jointly governed organization. The Board of Education for the Vocational School is comprised of representatives from each board of education of the member districts. The Maplewood Area Joint Vocational School is responsible for approving its own budget, appointing personnel, and accounting and finance-related activities. The District's students may attend the Vocational School as a high school curricular choice. The Maplewood Area Joint Vocational School receives 4.0 outside mills adjusted from the taxpayers of the James A. Garfield Local School District for its operation.

NOTE 11 - LONG-TERM DEBT OBLIGATIONS

Changes in long-term obligations of the District from July 1, 2000 through June 30, 2001, were as follows:

	<u>Balance</u> <u>07/01/2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>06/30/2001</u>
GENERAL LONG-TERM OBLIGATIONS ACCOUNT GROUP				
Energy Conservation Bonds 6.75%, 11/90 - 12/00	\$26,500	\$0	(\$26,500)	\$0
School Improvement Bonds 3.25% - 12.902%, 03/99 - 12/24	6,899,992	0	(180,000)	6,719,992
Compensated Absences Payable	615,959	732,839	0	1,348,798
Intergovernmental Payable	<u>67,477</u>	<u>69,614</u>	<u>(67,477)</u>	<u>69,614</u>
Total General Long-Term Obligations	<u>\$7,609,928</u>	<u>\$802,453</u>	<u>(\$273,977)</u>	<u>\$8,138,404</u>

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 11 - LONG-TERM DEBT OBLIGATIONS (continued)

The general obligation school improvement bonds will be paid from the debt service fund. Intergovernmental payables and compensated absences will be paid from the fund from which the employee is paid.

Principal and interest requirements to retire the school improvement bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$185,000	\$300,275	\$485,275
2003	190,000	293,523	483,523
2004	200,000	286,208	486,208
2005	205,000	278,410	483,410
Thereafter	<u>5,939,992</u>	<u>3,701,791</u>	<u>9,641,783</u>
Total	<u>\$6,719,992</u>	<u>\$4,860,207</u>	<u>\$11,580,199</u>

The bonds are backed by the full faith and credit of the District.

NOTE 12 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains two enterprise funds, food service and uniform school supplies, which are operated on a sales basis. The table below reflects the more significant financial data relating to the enterprise funds of the District for the fiscal year ended June 30, 2001:

	Food Service	Uniform School Supplies	Total
Operating revenues	\$258,116	\$23,674	\$281,790
Operating expenses before depreciation	(430,703)	(24,551)	(455,254)
Depreciation expense	(7,507)	0	(7,507)
Operating (loss)	(180,094)	(877)	(180,971)
Federal donated commodities	33,989	0	33,989
Federal and State subsidies	101,642	0	101,642
Interest	238	0	238
Loss on sale of fixed assets	(2,328)	0	(2,328)
Operating transfers in	31,500	902	32,402
Net income/(loss)	(15,053)	25	(15,028)
Net working capital	(29,766)	1,840	(27,926)
Total assets	85,399	2,050	87,449
Total equity	18,053	1,840	19,893
Encumbrances at June 30, 2001	\$91	\$170	\$261

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 13 - RETIREMENT PLANS

School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan. SERS provides 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. The School Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215 or by calling (614)222-5853.

Plan members are required to contribute nine percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of the annual covered payroll. 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 District's contributions to SERS for pension obligations for the fiscal years ended June 30, 2001, 2000 and 1999 were \$71,984, \$96,213 and \$88,786, respectively; 53.3 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$91,368, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and general long-term obligations account group.

State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer defined benefit pension plan. STRS Ohio is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution or other agency wholly controlled, managed and supported in whole, or in part, by the State or any political subdivision thereof. Any member who has (1) five years of service credit and attained age 60; (2) 25 years of service credit and attained age 55; or (3) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit", the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1 percent multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5 percent. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6 percent for 32 years, 2.7 percent for 33 years and so on) until 100 percent of final average salary is reached.

Legislation passed in April, 2000 with a July, 1999 effective date provided an adjustment for retirees whose benefits have not kept pace with the rate of inflation. The legislation also changed the formula for calculating the formula benefit. The formula benefit increased to 2.2 percent from 2.1 percent per year for all years up to 30 years. For members with 35 or more years of earned Ohio service, the first 30 years will be calculated at 2.5 percent instead of 2.2 percent. For earned Ohio service over 30 years, the formula will remain as current law, which provides an escalating formula of 2.5 percent for the 31st year, 2.6 percent for the 32nd year, 2.7 percent for the 33rd year, etc. until 100 percent of final average salary is reached.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 13 - RETIREMENT PLANS (continued)

Under the “money-purchase benefit” calculation, a member’s lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS Ohio funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

A retiree of STRS Ohio or other Ohio public retirement system is eligible for reemployment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the reemployed member and employer during the reemployment. Upon termination of employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of three percent of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians’ fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years’ credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who die before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members’ beneficiaries.

Benefits are established and may be amended by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 2001, were 9.3 percent of covered payroll for members and 14 percent for employers. The District’s contributions to STRS Ohio for pension obligations for the fiscal years ended June 30, 2001, 2000 and 1999 were \$416,718, \$245,680 and \$242,528, respectively; 87.9 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$74,594 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

STRS Ohio issues a stand-alone financial report. Copies of STRS Ohio’s 2000 *Comprehensive Annual Financial Report* will be available after January 1, 2001, and can be requested by writing to STRS Ohio, 275 East Broad Street, Columbus, OH 43215-3371, or by calling (614)227-4090.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 14 - OTHER POSTEMPLOYMENT BENEFITS

School Employees Retirement Systems

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than 25 years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium. After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. At June 30, 2001, the allocation rate was 8.45 percent. 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 2000, (the latest information available), the minimum pay was established as \$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 District's actual contributions which were used to fund postemployment benefits, including surcharge, equaled \$123,610 during the 2001 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150 percent of annual health care expenses. At June 30, 2000, (the latest information available) expenses for health care were \$140,696,340 and the target level was \$211.0 million. The net assets available for payment of health care benefits was \$252.3 million at June 30, 2000. The number of participants currently receiving health care benefits is approximately 50,000 statewide.

State Teachers Retirement Systems

STRS Ohio provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. The District's actual contributions which were used to fund postemployment benefits equaled \$197,367 during the 2001 fiscal year.

The Revised Code grants authority to STRS Ohio to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of coverage paid from STRS Ohio funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The Board currently allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. Health care benefits are financed on a pay-as-you-go basis. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs statewide paid by STRS Ohio were \$283,137,000. There were 99,011 eligible benefit recipients statewide.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 15 - OTHER EMPLOYEE BENEFITS

Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees working eleven or twelve months per year are entitled to an annual vacation, with pay, based on length of service in the District. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators working fewer than twelve months per year do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated for an unlimited number of days. For certified and classified employees, payment is made at retirement for accumulated sick leave and is determined by taking 30 percent of the employee's accumulated sick leave days to a maximum of 65 days. The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned.

Retirement Incentive Plans

The Districts' Board of Education approved a three-year contract with their certified staff on September 12, 2000. This contract covers the period of July 1, 2000 through June 30, 2003. Active certified employees who have at least ten years of continuous full-time service with the District and are eligible by STRS Ohio standards to retire can elect to retire by July 1 and receive a \$15,000 bonus payable by January 31 of the calendar year following retirement. Those employees who choose not to retire the year they reach eligibility for retirement will later be ineligible to receive the \$15,000 bonus. Notification of retirement must be submitted no later than April 1 of the year of retirement or the employee will become ineligible for the bonus. The District had two certified employees elect to retire on July 1, 2001. Each of those employees will receive \$15,000 by January 31 in the calendar year 2002.

The District's Board of Education approved a three-year contract with their classified staff on November 19, 2000. This contract covers the period of July 1, 2000 through June 30, 2003. Active classified employees who have at least ten years of continuous full-time service with the District and are eligible by SERS standards to retire can elect to retire by July 1 and receive a bonus of one third of their last year's pay payable by January 31 of the calendar year following retirement. Those employees who choose not to retire the year they achieve thirty years service credit for retirement purposes will later be ineligible to receive the bonus. Notification of retirement must be submitted no later than April 1 of the year of retirement. The District had four employees elect to retire on July 1, 2001. Each of those employees will receive one third of their last year's pay by January 31 in the calendar year 2002.

At June 30, 2001, compensated absences included \$58,910 of retirement incentives recorded in the enterprise funds and the general long-term obligations account group.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 16 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficits

The following special revenue funds had a deficit fund balance caused by the recognition of expenditures and/or nonrecognition of revenues on the modified accrual basis of accounting which substantially differs from those recognized on the cash basis of accounting.

Fund	Deficit
DPIA	(\$3,536)
Miscellaneous State Grants	(460)
Title I Grant	(4,605)

NOTE 17 - 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 an audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

Litigation

The District is currently a party to one legal proceeding. It is management's opinion that the ultimate liability will be covered by insurance and/or will not have a material effect on the general purpose financial statements.

NOTE 18 - SCHOOL FUNDING DECISION

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

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

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

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 18 - SCHOOL FUNDING DECISION (continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 4, 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 such reconsideration.

As of the date of these general purpose financial statements, the District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

NOTE 19 - REQUIRED BUDGET SET ASIDES

The District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purpose of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts may also be set aside for a budget stabilization reserve and used to offset any future budget deficit.

The following information describes the changes in the amounts set aside for budget stabilization, textbooks and instructional materials and capital improvements from the end of the prior fiscal year to the end of the current fiscal year.

	Budget Stabilization Set Aside	Textbook Set Aside	Capital Improvements Set Aside
Set Aside Cash Balance as of June 30, 2000	\$170,092	(\$11,177)	\$0
Current Year Set Aside Requirement	0	197,943	197,943
Fiscal Year 2001 Addition	65,981	0	0
Bureau of Workers' Compensation Refunds	1,424	0	0
Qualifying Disbursements	<u>(186,835)</u>	<u>(268,467)</u>	<u>(461,602)</u>
Set Aside Cash Balance as of June 30, 2001	<u>\$50,662</u>	<u>(\$81,701)</u>	<u>(\$263,659)</u>
Balance Carried Forward to Fiscal Year 2002	<u>\$50,662</u>	<u>(\$81,701)</u>	<u>\$0</u>

Since the qualifying expenditures and offsets for the capital improvements set aside exceeded the fiscal year 2001 requirement, no amount will be carried forward to the next fiscal year.

The District may use the negative amount in the textbooks/instructional materials set aside to reduce set aside requirements of future fiscal years.

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 AS OF AND FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 19 - REQUIRED BUDGET SET ASIDES (continued)

Amounts remaining at fiscal year end are represented by cash and cash equivalents and are presented as restricted assets on the Combined Balance Sheet. Corresponding amounts are reported as reserves of fund balances.

NOTE 20 - CONSTRUCTION COMMITMENTS

The District had the following construction commitments at June 30, 2001:

Project	Total Authorized Cost	Expended to 06/30/2001	Balance at 06/30/2001
Construction of Middle School and Renovations and Additions to Elementary School and High School	\$7,635,220	\$7,447,974	\$187,246

NOTE 21 – INTERFUND ASSETS AND LIABILITIES

A summary of short-term interfund loans by fund follows:

Fund	Interfund Receivable	Interfund Payable
General	\$9,722	\$0
Special Revenue:		
Miscellaneous State Grant	0	347
Capital Projects:		
Classroom Facilities	0	9,375
Total	<u>\$9,722</u>	<u>\$9,722</u>

**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
James A. Garfield Local School District
10235 State Route 88
Garrettsville, OH 44231

We have audited the general purpose financial statements of the James A. Garfield Local School District (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 4, 2001. As discussed in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statement No. 33 as of and for the year ended June 30, 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 the District's general purpose 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 general purpose financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control 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 general purpose 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 operations that we consider to be material weaknesses.

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

This report is intended solely for the information and use of management, the Board of Education 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 black ink, appearing to read 'G. B. Fink', with a stylized flourish at the end.

GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 4, 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
James A. Garfield Local School District
10235 State Route 88
Garrettsville, OH 44231

Compliance

We have audited the compliance of the James A. Garfield Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is 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 its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to 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 the 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 the District's compliance with those requirements.

In our opinion, the James A. Garfield Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001.

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

Internal Control Over Compliance

The management of the 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 the 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 solely for the information and use of management, the Board of Education 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.



GARY B. FINK & ASSOCIATES, INC.
Certified Public Accountants

December 4, 2001

James A. Garfield Local School District
Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended June 30, 2001

Federal Grantor/ Pass-Through Grantor/ Program Title	Federal CFDA Number	Pass-Through Identifying Entity Number	Receipts	Disbursements
<u>U.S. Department of Agriculture</u>				
<i>Passed Through Ohio Department of Education:</i>				
Child Nutrition Cluster:				
Food Distribution	10.550	----	\$35,479	\$33,989
School Breakfast Program	10.553	----	14,215	14,215
National School Lunch Program	10.555	----	94,168	94,168
Total U.S. Department of Agriculture - Child Nutrition Cluster			143,862	142,372
<u>U.S. Department of Education</u>				
<i>Passed Through Ohio Department of Education:</i>				
Innovative Education Program Strategies (ESEA Title VI)	84.298	049205-C2-S1-2001	1,347	0
Title I Grants to Local Educational Agencies	84.010	049205-C1-S1-2001	148,196	122,981
Title I Grants to Local Educational Agencies	84.010	049205-C1-S1-2000C	0	12,335
Title I Grants to Local Educational Agencies	84.010	049205-C1-S1-2000	18,735	29,466
Title I Grants to Local Educational Agencies	84.010	049205-C1-S1-1999C	0	8,664
Total Title I			166,931	173,446
Safe and Drug-Free Schools and Communities - State Grants	84.186	049205-DR-S1-2001	5,641	2,937
Safe and Drug-Free Schools and Communities - State Grants	84.186	049205-DR-S1-2000	0	1,357
Total Safe and Drug-Free			5,641	4,294
Class Size Reduction (Title VI-R)	84.340	049205-CR-S1-2001	21,426	12,214
Class Size Reduction (Title VI-R)	84.340	049205-CR-S1-2000	21,988	22,825
Total Class Size Reduction			43,414	35,039
Special Education Cluster:				
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	049205-6B-SF-2001P	87,763	65,077
Special Education - Grants to States (Title VI-B Flow-Thru)	84.027	049205-6B-SF-2000P	0	16,848
Total Special Education Cluster			87,763	81,925
Eisenhower Professional Development State Grants	84.281	049205-MS-S1-2001	6,113	125
Total U.S. Department of Education			311,209	294,829
Total Federal Assistance			\$455,071	\$437,201

The notes to this Schedule are an integral part of this Schedule.

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Expenditures of Federal Awards is a summary of the activity of the District's federal award programs. The Schedule has been prepared on the cash basis of accounting. The information in the Schedule is presented in accordance with the requirements of OMB Circular A-133, *Audits of States, Local Governments and Non-Profit Organizations*. Therefore, some amounts presented in the Schedule may differ from amounts presented in, or used in the preparation of, the general purpose financial statements.

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 no significant food commodities in inventory.

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of auditor's report issued on the general purpose financial statements	Unqualified Opinion
(d)(1)(ii)	Were there any material weaknesses in internal control reported at the general purpose financial statement level?	No
(d)(1)(ii)	Were there any other reportable conditions in internal control reported at the general purpose financial statement level?	No
(d)(1)(iii)	Was there any material noncompliance reported at the general purpose financial statement level?	No
(d)(1)(iv)	Were there any material weaknesses in internal control over major programs reported?	No
(d)(1)(iv)	Were there any other reportable conditions in internal control over major programs reported?	No
(d)(1)(v)	Type of auditor's report issued on compliance for major programs	Unqualified Opinion
(d)(1)(vi)	Were there any reportable audit findings under §510?	No

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §505

FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(CONTINUED)

(d)(1)(vii)	Major Program:	Title I Grants to Local Educational Agencies, CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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JAMES A. GARFIELD LOCAL SCHOOL DISTRICT

PORTAGE 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**