

UPPER SANDUSKY EXEMPTED VILLAGE
SCHOOL DISTRICT

GENERAL PURPOSE FINANCIAL STATEMENTS

for the year ended June 30, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education and Scott Armstrong, Treasurer
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have reviewed the Independent Auditor's Report of the Upper Sandusky Exempted Village School District, Wyandot County, prepared by Steen & Co. LLC, 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 Upper Sandusky Exempted Village School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

January 18, 2002

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UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2001

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Steen & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS AND GOVERNMENT
CONSULTANTS

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have audited the accompanying general purpose financial statements of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio (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 financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Upper Sandusky Exempted Village School District, Wyandot County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 28, 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.

Steen & Co. LLC
383 N. FRONT STREET
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Board of Education
Upper Sandusky Exempted Village School District
Report of Independent Accountants
Page 2

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 federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Steen & Co. LLC

Steen & Co. LLC
December 28, 2001

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS

JUNE 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General Fund</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
<u>ASSETS AND OTHER DEBITS</u>			
ASSETS:			
Equity with Treasurer in pooled			
cash and cash equivalents	\$2,934,775	\$308,366	\$26,752
Cash with fiscal and escrow agents . . .	908	0	0
Receivables (net of allowances of uncollectibles):			
Real and other taxes	3,479,325	0	0
Income taxes	329,785	0	0
Accounts.	6,369	0	0
Prepayments.	97,039	4,228	0
Materials and supplies inventory . . .	41,427	0	0
Advances to other funds	23,500	0	0
Restricted Assets:			
Equity in pooled cash and equivalents . .	151,993	0	0
Property, plant and equipment (net of accumulated depreciation where applicable)	0	0	0
OTHER DEBITS:			
Amount to be provided from			
general government resources.	0	0	0
Total assets and other debits	<u>\$7,065,121</u>	<u>\$312,594</u>	<u>\$26,752</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 JUNE 30, 2001

Proprietary Fund Types	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$71,777	\$49,780	\$0	\$0	\$3,391,450
0	0	0	0	908
0	0	0	0	3,479,325
0	0	0	0	329,785
0	0	0	0	6,369
5,638	0	0	0	106,905
7,526	0	0	0	48,953
0	0	0	0	23,500
0	87,885	0	0	239,878
40,776	0	12,011,568	0	12,052,344
0	0	0	1,116,010	1,116,010
<u>\$125,717</u>	<u>\$137,665</u>	<u>\$12,011,568</u>	<u>\$1,116,010</u>	<u>\$20,795,427</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
 (CONTINUED)
 JUNE 30, 2001

	<u>Governmental Fund Types</u>		
	<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
LIABILITIES, FUND EQUITY, AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	\$122,972	\$13,911	\$0
Accrued wages and benefits.	665,375	32,766	0
Compensated absences payable.	0	0	0
Due to other governments.	261,845	1,922	0
Advances from other funds	0	23,500	0
Deferred revenue	3,217,353	129,252	0
Due to students	0	0	0
Long-term loans payable	0	0	0
Obligation under capital lease	0	0	0
Total liabilities	<u>4,267,545</u>	<u>201,351</u>	<u>0</u>
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets.	0	0	0
Contributed capital.	0	0	0
Retained Earnings:	0	0	0
Fund balances:			
Reserved for encumbrances.	212,421	80,288	24,786
Reserved for supplies inventory	41,427	0	0
Reserved for prepayments	97,039	4,228	0
Reserved for set asides	151,993	0	0
Reserved for endowments	0	0	0
Reserved for advances	23,500	0	0
Reserved for property taxes	261,972	0	0
Unreserved, undesignated.	2,009,224	26,727	1,966
Total equity and other credits.	<u>2,797,576</u>	<u>111,243</u>	<u>26,752</u>
Total liabilities, equity and other credits . .	<u>\$7,065,121</u>	<u>\$312,594</u>	<u>\$26,752</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED BALANCE SHEET - ALL FUND TYPES AND ACCOUNT GROUPS
(CONTINUED)
JUNE 30, 2001

<u>Proprietary Fund Types</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$323	\$0	\$0	\$0	\$137,206
17,813	0	0	0	715,954
40,371	0	0	942,021	982,392
82	0	0	0	263,849
0	0	0	0	23,500
0	0	0	0	3,346,605
0	49,780	0	0	49,780
0	0	0	114,232	114,232
0	0	0	59,757	59,757
<u>58,589</u>	<u>49,780</u>	<u>0</u>	<u>1,116,010</u>	<u>5,693,275</u>
0	0	12,011,568	0	12,011,568
12,496	0	0	0	12,496
54,632	0	0	0	54,632
0	0	0	0	317,495
0	0	0	0	41,427
0	0	0	0	101,267
0	0	0	0	151,993
0	87,885	0	0	87,885
0	0	0	0	23,500
0	0	0	0	261,972
0	0	0	0	2,037,917
<u>67,128</u>	<u>87,885</u>	<u>12,011,568</u>	<u>0</u>	<u>15,102,152</u>
<u>\$125,717</u>	<u>\$137,665</u>	<u>\$12,011,568</u>	<u>\$1,116,010</u>	<u>\$20,795,427</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/EQUITY
ALL GOVERNMENTAL FUND TYPES**

FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)
	General Fund	Special Revenue	Capital Projects	
Revenues:				
Property taxes	\$4,231,557	\$0	\$0	\$4,231,557
Income Taxes	888,578	0	0	888,578
Intergovernmental	4,956,347	660,163	58,385	5,674,895
Investment income	211,463	3,681	0	215,144
Tuition and Classroom Fees	4,358	0	0	4,358
Extracurricular activities	0	146,595	0	146,595
Rental	1,408	0	0	1,408
Other	137,772	24,076	0	161,848
Total revenue	10,431,483	834,515	58,385	11,324,383
Expenditures:				
Current:				
Instruction:				
Regular	4,902,497	49,457	58,421	\$5,010,375
Special	617,591	215,132	0	832,723
Vocational	34,767	0	0	34,767
Adult/Continuing	0	29,501	0	29,501
Other	125,252	10,430	0	135,682
Support services:				
Pupils	485,673	101,890	5,626	593,189
Instructional staff	374,828	44,817	21	419,666
Board of Education	55,976	0	0	55,976
Administration	902,283	26,779	0	929,062
Fiscal	553,524	0	0	553,524
Operation and maintenance of plant	948,915	0	27,683	976,598
Pupil transportation	620,482	0	0	620,482
Central	21,973	0	0	21,973
Non-instructional services	9,652	163,360	0	173,012
Extracurricular activities	245,947	146,343	0	392,290
Debt service:				
Principal retirement	77,592	0	0	77,592
Interest and fiscal charges	11,994	0	0	11,994
Total expenditures	9,988,946	787,709	91,751	10,868,406
 Excess (deficiency) of revenues over (under) expenditures	 442,537	 46,806	 (33,366)	 455,977

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES/EQUITY
 ALL GOVERNMENTAL FUND TYPES
 (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types			Totals (Memorandum Only)
	General Fund	Special Revenue	Capital Projects	
Other financing sources (uses):				
Refund of prior year expenditures	57,482	0	0	57,482
Refund of prior year receipts	0	0	0	0
Proceeds from loan issuance . . .	0	0	0	0
Advances in and not repaid			0	0
Advances out and not repaid	0	0	0	0
Inception or proceeds of capital lease	0	0	0	0
Operating transfers in	0	0	0	0
Operating transfers out	0	0	0	0
Sale of fixed assets	0	0	0	0
Other	0	0	0	0
Total other financing sources (uses). .	<u>57,482</u>	<u>0</u>	<u>0</u>	<u>57,482</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other uses	500,019	46,806	(33,366)	513,459
Fund balance/equity, beginning of year, as restated . .	2,304,256	64,437	60,118	2,428,811
Change in reserve for inventory . . .	<u>(6,699)</u>	<u>0</u>	<u>0</u>	<u>(6,699)</u>
Fund balance/equity, end of year	<u><u>\$2,797,576</u></u>	<u><u>\$111,243</u></u>	<u><u>\$26,752</u></u>	<u><u>\$2,935,571</u></u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICTCOMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$4,046,796	\$4,268,007	\$221,211
Income Taxes	854,120	854,120	0
Intergovernmental	4,629,886	4,947,487	317,601
Interest	169,126	211,463	42,337
Tuition and Fees	2,260	3,780	1,520
Rentals	1,408	1,408	0
Extracurricular Activities	-	-	0
Gifts and Donations	-	-	0
Miscellaneous	80,792	137,772	56,980
Total Revenues	<u>9,784,388</u>	<u>10,424,037</u>	<u>639,649</u>
<u>Expenditures:</u>			
Current:			
Regular	5,031,774	5,020,056	11,718
Special	697,068	619,857	77,211
Vocational	46,362	41,410	4,952
Adult/Continuing	263	-	263
Other	128,244	127,964	280
Support Services:			
Pupils	525,529	521,268	4,261
Instructional Staff	396,067	372,549	23,518
Board of Education	74,319	61,700	12,619
Administration	944,759	918,983	25,776
Fiscal	577,173	550,908	26,265
Operation and Maintenance of Plant	1,217,538	1,109,547	107,991
Pupil Transportation	696,191	647,342	48,849
Central	26,609	23,079	3,530
Non-Instructional Services	35,357	17,981	17,376
Extracurricular Activities	255,530	254,995	535
Capital Outlay	-	-	0
Debt Service:			
Principal Retirement	60,272	60,039	233
Interest and Fiscal Charges	10,545	6,229	4,316
Total Expenditures	<u>10,723,600</u>	<u>10,353,907</u>	<u>369,693</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(939,212)</u>	<u>70,130</u>	<u>1,009,342</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	General Fund		Variance
	Budget	Actual	Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	57,482	57,482
Refund of Prior Year Receipts	-	-	0
Advances In	-	135,076	135,076
Advances Out	(156,980)	(148,576)	8,404
Operating Transfers In	-	-	0
Operating Transfers Out	-	-	0
Total Other Financing Sources (Uses)	<u>(156,980)</u>	<u>43,982</u>	<u>200,962</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,096,192)	114,112	1,210,304
Fund Balances at Beginning of Year	2,219,327	2,219,327	0
Prior Year Encumbrances Appropriated	408,174	408,174	0
Fund Balances at End of Year	<u>\$1,531,309</u>	<u>\$2,741,613</u>	<u>\$1,210,304</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICTCOMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Income Taxes	-	-	0
Intergovernmental	755,858	652,520	(103,338)
Interest	3,183	3,681	498
Tuition and Fees	-	-	0
Rentals	-	-	0
Extracurricular Activities	145,061	146,595	1,534
Gifts and Donations	-	-	0
Miscellaneous	26,525	24,076	(2,449)
Total Revenues	<u>930,627</u>	<u>826,872</u>	<u>(103,755)</u>
<u>Expenditures:</u>			
Current:			
Regular	82,741	51,455	31,286
Special	254,107	217,164	36,943
Vocational	-	-	0
Adult/Continuing	29,501	29,501	0
Other	10,898	10,826	72
Support Services:			
Pupils	149,191	108,680	40,511
Instructional Staff	64,642	44,427	20,215
Board of Education	-	-	0
Administration	44,268	30,184	14,084
Fiscal	-	-	0
Operation and Maintenance of Plant	-	-	0
Pupil Transportation	-	-	0
Central	-	-	0
Non-Instructional Services	250,539	243,192	7,347
Extracurricular Activities	176,007	156,829	19,178
Capital Outlay	-	-	0
Debt Service:			
Principal Retirement	-	-	0
Interest and Fiscal Charges	-	-	0
Total Expenditures	<u>1,061,894</u>	<u>892,258</u>	<u>169,636</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(131,267)</u>	<u>(65,386)</u>	<u>65,881</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Special Revenue Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	-	0
Refund of Prior Year Receipts	-	-	0
Advances In	32,734	148,576	115,842
Advances Out	-	(135,076)	(135,076)
Operating Transfers In	-	-	0
Operating Transfers Out	(35)	-	35
Total Other Financing Sources (Uses)	<u>32,699</u>	<u>13,500</u>	<u>(19,199)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(98,568)	(51,886)	46,682
Fund Balances at Beginning of Year	199,085	199,085	0
Prior Year Encumbrances Appropriated	<u>65,379</u>	<u>65,379</u>	<u>0</u>
Fund Balances at End of Year	<u>\$165,896</u>	<u>\$212,578</u>	<u>\$46,682</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Property Taxes	\$0	\$0	\$0
Income Taxes	-	-	0
Intergovernmental	58,385	58,385	0
Interest	-	-	0
Tuition and Fees	-	-	0
Rentals	-	-	0
Extracurricular Activities	-	-	0
Gifts and Donations	-	-	0
Miscellaneous	-	-	0
Total Revenues	<u>58,385</u>	<u>58,385</u>	<u>0</u>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	119,340	119,340	0
Special	-	-	0
Vocational	-	-	0
Adult/Continuing	-	-	0
Other	-	-	0
Support Services:			0
Pupils	5,626	5,626	0
Instructional Staff	21	21	0
Board of Education	-	-	0
Administration	-	-	0
Fiscal	-	-	0
Operation and Maintenance of Plant	54,455	54,455	0
Pupil Transportation	-	-	0
Central	-	-	0
Non-Instructional Services	-	-	0
Extracurricular Activities	-	-	0
Capital Outlay	-	-	0
Debt Service:			
Principal Retirement	-	-	0
Interest and Fiscal Charges	-	-	0
Total Expenditures	<u>179,442</u>	<u>179,442</u>	<u>0</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(121,057)</u>	<u>(121,057)</u>	<u>0</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
 CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
 ALL GOVERNMENTAL FUND TYPES (CONTINUED)
 FOR THE YEAR ENDED JUNE 30, 2001

	<u>Capital Projects Funds</u>		
	<u>Budget</u>	<u>Actual</u>	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	-	0
Refund of Prior Year Receipts	-	-	0
Advances In	-	-	0
Advances Out	-	-	0
Operating Transfers In	-	-	0
Operating Transfers Out	-	-	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(121,057)	(121,057)	0
Fund Balances at Beginning of Year	35,600	35,600	0
Prior Year Encumbrances Appropriated	<u>87,422</u>	<u>87,422</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,965</u>	<u>\$1,965</u>	<u>\$0</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICTCOMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$4,046,796	\$4,268,007	\$221,211
Income Taxes	854,120	854,120	0
Intergovernmental	5,444,129	5,658,392	214,263
Interest	172,309	215,144	42,835
Tuition and Fees	2,260	3,780	1,520
Rentals	1,408	1,408	0
Extracurricular Activities	145,061	146,595	1,534
Gifts and Donations	-	-	0
Miscellaneous	107,317	161,848	54,531
Total Revenues	<u>10,773,400</u>	<u>11,309,294</u>	<u>535,894</u>
Expenditures:			
Current:			
Regular	5,233,855	5,190,851	43,004
Special	951,175	837,021	114,154
Vocational	46,362	41,410	4,952
Adult/Continuing	29,764	29,501	263
Other	139,142	138,790	352
Support Services:			
Pupils	680,346	635,574	44,772
Instructional Staff	460,730	416,997	43,733
Board of Education	74,319	61,700	12,619
Administration	989,027	949,167	39,860
Fiscal	577,173	550,908	26,265
Operation and Maintenance of Plant	1,271,993	1,164,002	107,991
Pupil Transportation	696,191	647,342	48,849
Central	26,609	23,079	3,530
Non-Instructional Services	285,896	261,173	24,723
Extracurricular Activities	431,537	411,824	19,713
Capital Outlay	-	-	0
Debt Service:			
Principal Retirement	60,272	60,039	233
Interest and Fiscal Charges	10,545	6,229	4,316
Total Expenditures	<u>11,964,936</u>	<u>11,425,607</u>	<u>539,329</u>
Excess of Revenues Over/ (Under) Expenditures	<u>(1,191,536)</u>	<u>(116,313)</u>	<u>1,075,223</u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Other Financing Sources (Uses):</u>			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	57,482	57,482
Refund of Prior Year Receipts	-	-	0
Advances In	32,734	283,652	250,918
Advances Out	(156,980)	(283,652)	(126,672)
Operating Transfers In	-	-	0
Operating Transfers Out	(35)	-	35
Total Other Financing Sources (Uses)	<u>(124,281)</u>	<u>57,482</u>	<u>181,763</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,315,817)	(58,831)	1,256,986
Fund Balances at Beginning of Year	2,454,012	2,454,012	0
Prior Year Encumbrances Appropriated	<u>560,975</u>	<u>560,975</u>	<u>0</u>
Fund Balances at End of Year	<u>\$1,699,170</u>	<u>\$2,956,156</u>	<u>\$1,256,986</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND EQUITY
ALL PROPRIETARY FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trusts	
Operating revenues:			
Sales	\$379,572	\$0	\$379,572
Materials and Fees	38,059	0	\$38,059
Total operating revenues.	<u>417,631</u>	<u>0</u>	<u>417,631</u>
Operating expenses:			
Salaries	141,057	0	141,057
Fringe benefits	90,802	0	90,802
Purchased services.	8,805	0	8,805
Materials and supplies.	14,162	0	14,162
Cost of Sales	267,940	0	267,940
Depreciation	3,117	0	3,117
Other operating expenses	1,057	7,436	8,493
Total operating expenses	<u>526,940</u>	<u>7,436</u>	<u>534,376</u>
Operating (loss)	(109,309)	(7,436)	(116,745)
Nonoperating revenues (expenses):			
Interest income	1,321	4,780	6,101
Federal donated commodities	23,862	0	23,862
Operating grants.	98,425	0	98,425
Other nonoperating revenue (expenses)	11,800	7,994	19,794
Total nonoperating revenues (expenses)	<u>135,408</u>	<u>12,774</u>	<u>148,182</u>
Net income (loss).	26,099	5,338	31,437
Retained earnings/fund balances			
at beginning of year, as restated.	<u>28,533</u>	<u>82,547</u>	<u>111,080</u>
Retained earnings/fund balances			
at end of year.	<u>54,632</u>	<u>87,885</u>	<u>142,517</u>
Contributed capital at beginning of year.	12,496	0	12,496
Contributions received	0	0	0
Contributed capital at end of year.	<u>12,496</u>	<u>0</u>	<u>12,496</u>
Total fund equity at end of year	<u>\$67,128</u>	<u>\$87,885</u>	<u>\$155,013</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
FOR THE YEAR ENDED JUNE 30, 2001

	Enterprise Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$380,629	\$379,572	(\$1,057)
Classroom Materials and Fees	46,540	38,059	(8,481)
Interest	200	1,321	1,121
Miscellaneous	-	-	0
Other Revenues	-	-	0
Total Revenues	<u>427,369</u>	<u>418,952</u>	<u>(8,417)</u>
<u>Expenses:</u>			
Salaries	159,644	159,644	0
Fringe Benefits	94,571	92,292	2,279
Purchased Services	23,069	12,650	10,419
Materials and Supplies	283,631	269,358	14,273
Other Expenses	6,480	1,057	5,423
Capital Outlay	18,929	5,307	13,622
Total Expenses	<u>586,324</u>	<u>540,308</u>	<u>46,016</u>
Excess of Revenues Over/ (Under) Expenses	(158,955)	(121,356)	37,599
Other Financing Sources:			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	12	(12)
Refund of Prior Year Receipts	-	-	0
Advances In	-	-	0
Advances Out	-	-	0
Operating Transfers In	-	-	0
Operating Transfers Out	-	-	0
Operating Grants	98,500	98,425	(75)
Other Non-Operating	11,788	11,788	0
Total Other Financing Sources	<u>110,288</u>	<u>110,225</u>	<u>(87)</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(48,667)	(11,131)	37,512
Fund Balances at Beginning of Year	55,668	55,668	0
Prior Year Encumbrances Appropriated	19,722	19,722	0
Fund Balances at End of Year	<u>\$26,723</u>	<u>\$64,259</u>	<u>\$37,512</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Nonexpendable Trust Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$0	\$0	\$0
Classroom materials and fees	-	-	
Interest	3,618	4,779	1,161
Miscellaneous	7,994	7,994	0
Other Revenues	-	-	0
Total Revenues	<u>11,612</u>	<u>12,773</u>	<u>1,161</u>
<u>Expenses:</u>			
Salaries	-	-	0
Fringe Benefits	-	-	0
Purchased Services	-	-	0
Materials and Supplies	7,994	3,331	4,663
Other Expenses	4,105	4,105	0
Capital Outlay	-	-	0
Total Expenses	<u>12,099</u>	<u>7,436</u>	<u>4,663</u>
Excess of Revenues Over/ (Under) Expenses	(487)	5,337	5,824
Other Financing Sources:			
Proceeds from Loans	-	-	0
Proceeds from Sale of Fixed Assets	-	-	0
Refund of Prior Year Expenditures	-	-	0
Refund of Prior Year Receipts	-	-	0
Advances In	-	-	0
Advances Out	-	-	0
Operating Transfers In	-	-	0
Operating Transfers Out	-	-	0
Operating Grants	-	-	0
Other Non-Operating	-	-	0
Total Other Financing Sources	<u>0</u>	<u>0</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(487)	5,337	5,824
Fund Balances at Beginning of Year	82,548	82,548	0
Prior Year Encumbrances Appropriated	-	-	0
Fund Balances at End of Year	<u>\$82,061</u>	<u>\$87,885</u>	<u>\$5,824</u>

(Continued)

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2001

	Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$380,629	\$379,572	(\$1,057)
Classroom Materials and Fees	\$46,540	\$38,059	(\$8,481)
Interest	3,818	6,100	2,282
Miscellaneous	7,994	7,994	0
Other Revenues	0	0	0
Total Revenues	<u>438,981</u>	<u>431,725</u>	<u>(7,256)</u>
<u>Expenses:</u>			
Salaries	159,644	159,644	0
Fringe Benefits	94,571	92,292	2,279
Purchased Services	23,069	12,650	10,419
Materials and Supplies	291,625	272,689	18,936
Other Expenses	10,585	5,162	5,423
Capital Outlay	18,929	5,307	13,622
Total Expenses	<u>598,423</u>	<u>547,744</u>	<u>50,679</u>
Excess of Revenues Over/ (Under) Expenses	(159,442)	(116,019)	43,423
<u>Other Financing Sources:</u>			
Proceeds from Loans	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Refund of Prior Year Expenditures	0	12	(12)
Refund of Prior Year Receipts	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
Operating Grants	98,500	98,425	(75)
Other Non-Operating	11,788	11,788	0
Total Other Financing Sources	<u>110,288</u>	<u>110,225</u>	<u>(87)</u>
Excess of Revenues and Other Financing Sources Over(Under) Expenditures and Other Uses	(49,154)	(5,794)	43,336
Fund Balances at Beginning of Year	138,216	138,216	0
Prior Year Encumbrances Appropriated	19,722	19,722	0
Fund Balances at End of Year	<u>\$108,784</u>	<u>\$152,144</u>	<u>\$43,336</u>

See accompanying Notes to the General Purpose Financial Statements

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2001

	<u>Proprietary Fund Types</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trusts</u>	
Cash flows from operating activities:			
Cash received from customers	\$417,631	\$0	\$417,631
Cash payments for personal services.	(251,470)	0	(251,470)
Cash payments for fringe benefits.	0	0	0
Cash payments for supplies and materials	(296,909)	0	(296,909)
Cash received for other revenues	0	0	0
Cash payments for other expenses	(1,057)	(7,436)	(8,493)
Net cash (used in) operating activities	<u>(131,805)</u>	<u>(7,436)</u>	<u>(139,241)</u>
Cash flows from noncapital financing activities:			
Cash received from grants and donations	134,087	7,994	142,081
Cash received from nonoperating activities . .	0	0	0
Repayment of advances	<u>0</u>	<u>0</u>	<u>0</u>
Net cash provided by noncapital financing activities.	<u>134,087</u>	<u>7,994</u>	<u>142,081</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(7,217)	0	(7,217)
Sale of capital assets	<u>0</u>	<u>0</u>	<u>0</u>
Net cash (used in) capital and related financing activities	<u>(7,217)</u>	<u>0</u>	<u>(7,217)</u>
Cash flows from investing activities:			
financing activities:			
Interest received	<u>1,321</u>	<u>4,780</u>	<u>6,101</u>
Net cash provided by investing activities	<u>1,321</u>	<u>4,780</u>	<u>6,101</u>
Net increase (decrease) in cash and cash equivalents.	(3,614)	5,338	1,724
Cash and cash equivalents at beginning of year . .	<u>75,391</u>	<u>82,547</u>	<u>157,938</u>
Cash and cash equivalents at end of year.	<u><u>\$71,777</u></u>	<u><u>\$87,885</u></u>	<u><u>\$159,662</u></u>

(Continued)

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

COMBINED STATEMENT OF CASH FLOWS

ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUNDS (CONTINUED)

FOR THE YEAR ENDED JUNE 30, 2001

	<u>Proprietary Fund Types</u>	<u>Fiduciary Funds</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise Funds</u>	<u>Nonexpendable Trusts</u>	
Reconciliation of operating (loss) to net cash (used in) operating activities:			
Operating (loss).	(\$109,309)	(\$7,436)	(\$116,745)
Adjustments to reconcile operating income to net cash (used in) operating activities:			
Depreciation	3,117	0	3,117
Changes in assets and liabilities:			
Supplies inventory	949	0	949
Accounts receivable	0	0	0
Prepayments	(656)	0	(656)
Inventory for resale	0	0	0
Accounts payable.	(7,032)	0	(7,032)
Accrued wages and benefits	(11,665)	0	(11,665)
Compensated absences payable	(6,538)	0	(6,538)
Deferred revenue	0	0	0
Due from/(to) other governments	(671)	0	(671)
Net cash (used in) operating activities.	<u>(\$131,805)</u>	<u>(\$7,436)</u>	<u>(\$139,241)</u>
Supplemental schedule of significant non-cash transaction:			
Capital assets contributed added to contributed capital component of equity	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The Upper Sandusky Exempted Village School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by state statute and/or federal guidelines.

The School District was established in 1960 through the consolidation of existing land areas and school districts. The School District serves an area of approximately three hundred square miles. It is located in Wyandot, Marion, and Crawford Counties, and includes all of the City of Upper Sandusky. It is staffed by 61 classified employees, 125 certified full-time teaching personnel, and eleven administrative employees who provide services to approximately 1900 students and other community members. The School District currently operates five instructional buildings and one bus garage.

Reporting Entity

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

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

The School District's reporting entity includes the following:

St. Peter Elementary - Within the School District's boundaries, St. Peter Elementary is operated through the Toledo Catholic Diocese. Current State legislation provides funding to the parochial school. These monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school.

The School District is associated with two jointly governed organizations, two insurance pools, and a related organization. These organizations are the Tri-Rivers Educational Computer Association (TRECA), Vanguard-Sentinel Joint Vocational School, the Ohio School Boards Association Workers' Compensation Group Rating Plan, the Wyandot-Crawford Health Benefit Plan, and the Upper Sandusky Community Public Library. Information about these organizations is presented in Notes 17, 18, and 19 to the general purpose financial statements.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

A. Basis of Presentation - Fund Accounting (continued)

Proprietary Fund Types

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

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

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

Account Groups

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

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

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

B. Measurement Focus and Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Measurement Focus and Basis of Accounting (continued)

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

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is 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: taxpayer-assessed income taxes, grants, interest, tuition, student fees, and rent.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 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.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the nonexpendable trust fund. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. 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 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 primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

Resources received through Senate Bill 81, which are reflected in the General Fund, and the Gifted and Talented and Public School Preschool special revenue funds are flow through grants in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for these funds is not included within the School District's reporting entity for which the "appropriated budget" is adopted, and the School District does not maintain separate budgetary records.

Tax Budget

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

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

Estimated Resources

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

Appropriations

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

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

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 balance for subsequent-year expenditures for governmental funds and reported in the notes to the 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 appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

D. Cash and Investments

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

During fiscal year 2001, investments were limited to STAR Ohio. These investments are reported at fair value.

The school district has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 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.

Cash and cash equivalents held for the School District by the North Central Ohio Educational Service Center are reported on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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 maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents.

E. Restricted Assets and Reserve for Set-Asides

Restricted assets in the general fund represent cash and cash equivalents for which use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the District. See note 22 for calculation for the year-end restricted asset balance and the corresponding fund balance reserve.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

F. Estimates

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

G. Prepaid Items

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

H. Inventory

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

I. Fixed Assets and Depreciation

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to proprietary fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life ranging between six and thirty years.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for employees.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy. The School District records a liability for accumulated unused sick leave for teachers after ten years of current service, administrators after six years of current service, and after five years of current service for all other positions.

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

K. 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 and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after fiscal year end are considered not to have used current available financial resources. Capital leases and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

L. Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account, which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

M. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1993, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

N. Fund Balance Reserves

The School 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 appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, prepaid assets, inventories of materials and supplies, advances, property tax revenue, contributions to the nonexpendable trust fund that must be kept intact, and, if applicable, statutory set-asides (See Note 22). The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

O. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis, entitlements, and shared revenues are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when all applicable eligibility requirements have been met and the resources are available. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Intergovernmental Revenues (continued)

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

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Allocation

Non-Reimbursable Grants

Special Revenue Funds

Auxiliary Services
Professional Development
Gifted and Talented
Education Management Information Systems
SchoolNet Professional Development
Adult Basic Education
Eisenhower
Title VI-B
Title I
Title VI
Title VI-R
Drug Free
Public School Preschool
School Incentive
Before and After School

Capital Projects Funds

SchoolNet

Reimbursable Grants

Special Revenue Funds

Family Resource Center

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 48 percent of the School District's operating revenue during the 2001 fiscal year.

P. Interfund Transactions

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, 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 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure in the proprietary fund types (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Although not part of the appropriated budget, Senate Bill 81 resources in the General Fund and the Gifted and Talented and Public School Preschool special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING (continued)

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type.

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

		<u>General</u>	<u>Special Revenue</u>	<u>Capital Projects</u>
Budget Basis	\$	114,112	(51,886)	(121,057)
Adjustments:				
Revenue Accrual		7,446	7,640	-
Expenditure Accrual		33,306	(4,733)	62,905
Encumbrances		<u>345,155</u>	<u>95,785</u>	<u>24,786</u>
GAAP Basis	\$	<u><u>500,019</u></u>	<u><u>46,806</u></u>	<u><u>(33,366)</u></u>

Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
Proprietary Fund Type

		<u>Enterprise</u>
Budget Basis	\$	(11,131)
Adjustments:		
Revenue Accrual		23,862
Expenditure Accrual		5,851
Encumbrances		<u>7,517</u>
GAAP Basis – Net Income	\$	<u><u>26,099</u></u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 – CASH AND CASH EQUIVALENTS

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

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

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

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

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

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

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 – CASH AND CASH EQUIVALENTS (continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

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

The School District had no investments required to be categorized at year-end.

Cash on Hand - At fiscal year-end, the School District had \$908 in cash with fiscal agent held by the North Central Ohio Educational Service Center. This amount is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

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 Repurchase Agreements".

Deposits - At fiscal year-end, the carrying amount of the School District's deposits was \$384,170, including \$327,966 in non-negotiable certificates of deposit. The total bank balance was \$617,424. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$417,424 is considered uncollateralized deposits, however, the balance is covered by a pledged collateral pool as required by State law.

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

	<u>Carrying Amount</u>	<u>Market Value</u>
STAR Ohio - Not Categorized	\$3,244,358	\$3,244,358

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 – CASH AND CASH EQUIVALENTS (continued)

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

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

	Cash and Cash Equivalents	
	Deposits	Investments
GASB Statement 9	\$ 3,632,236	-
State Treasurer's Investment Pool	(3,244,358)	3,244,358
Cash on Hand	(2,800)	-
Cash with Fiscal and Escrow Agents	(908)	-
 GASB Statement 3	 \$ 384,170	 \$ 3,244,358

NOTE 5 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value 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 taxes 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 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value.

Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. The assessed value upon which the 2000 taxes were collected, for Wyandot County only, was \$190,324,050, disclosed as follows:

Agricultural/Residential Real Estate	\$ 111,927,280
Commercial/Industrial Real Estate	28,768,540
Public Utility Personal	10,393,230
Tangible Personal	39,235,000
Total	\$ 190,324,050

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

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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 5 - PROPERTY TAXES (continued)

The School District receives property taxes from Wyandot, Marion and Crawford Counties. The Counties' Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are 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, tangible personal property, and public utility property 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 year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$298,422, in the General Fund. The amount available as an advance at June 30, 2001, was \$261,972 in the General Fund.

NOTE 6 - INCOME TAXES

The School District levies a voted tax of $\frac{1}{4}$ percent for general operations on the income of residents and of estates. The tax was effective on January 1, 2000, and will continue for five years. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTE 7 - RECEIVABLES

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
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	\$ 169,057
Less Accumulated Depreciation	<u>(128,281)</u>
Net Fixed Assets	<u><u>\$ 40,776</u></u>

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$ 174,491	\$ -	\$ -	\$ 174,491
Buildings and Improvements	5,612,200	26,118	-	5,638,318
Furniture, Fixtures, and Equipment	3,186,912	285,914	54,659	3,418,167
Books	1,334,774	32,059	-	1,366,833
Vehicles	<u>1,334,967</u>	<u>78,792</u>	<u>-</u>	<u>1,413,759</u>
Totals	<u><u>\$11,643,344</u></u>	<u><u>\$ 422,883</u></u>	<u><u>\$ 54,659</u></u>	<u><u>\$12,011,568</u></u>

During fiscal year 2001, the District increased their fixed asset capitalization threshold from one hundred fifty dollars to five hundred dollars. This threshold increase resulted in a restatement/decrease of the beginning balance of assets reported in the General Long-term Debt Account Group of \$632,020, as well as a restatement/decrease of the beginning fund balance of the Enterprise Fund of \$8,917.

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted for the following coverages:

Building and Contents-replacement cost (\$1,000 deductible)	\$26,411,354
Inland Marine Coverage (\$250 deductible)	419,891
Boiler and Machinery (\$1,000 deductible)	26,411,354
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	12,500/25,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years and there have been no significant reductions in insurance coverage from last year.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 9 - RISK MANAGEMENT (continued)

INSURANCE PURCHASING POOLS:

OSBA Workers' Compensation Group Rating Program - The District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP) established in April 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan, as defined in Section 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers. Each participant pays its workers' compensation premium to the State based on the rate for the Plan 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 Plan. 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 Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

Wyandot-Crawford Health Benefit Plan - Beginning in fiscal year 1997, the School District participated in the Wyandot-Crawford Health Benefit Plan (the Plan), a public entity shared risk pool consisting of five school districts, operating as a common risk management and insurance program for the member districts. The School District pays monthly premiums to the Plan for insurance coverage. The Plan is responsible for the management and operations of the program. Upon withdrawal from the Plan, the participant is responsible for the payment of all Plan liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement Systems

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$220,368, \$178,404, and \$167,232, respectively; 50 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$110,184, representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds.

B. State Teachers Retirement System

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

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$689,856, \$680,028, and \$628,536, respectively; 83.3 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$114,976, representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds.

C. Social Security

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have the option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 – POST-EMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$394,184 for fiscal year 2001. 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 paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 15 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. The surcharge rate 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. For the district, this amount was approximately \$99,166 during the 2001 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was 211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits was 252.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
 NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements, Board policies and State laws. Only administrative and support personnel who are under a full year contract (12 months) are eligible for vacation time. The Superintendent is granted twenty days of vacation per year and the Treasurer is granted twenty days per year. Classified staff are granted days as follows:

<u>Years of Service</u>	<u>Vacation Days</u>
1 – 9	10
9 – 19	15
20+	20

Vacation time for classified employees has use restrictions. Employees are expected to use earned vacation during the ensuing twelve month period. If at the end of the twelve month period, an employee has not used all of their earned vacation, the employee has the option of transferring the unused vacation to the following year. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment, based upon their years of service.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for severance is 190 days. Upon retirement, payment is made for 25 percent of the employee's balance based upon their years of service. Teachers are also entitled to an additional forty bonus days if certain requirements are met.

B. Health Care Benefits

The School District offers medical, dental, and life insurance to most employees through Wyandot-Crawford Health Benefit Plan. The School District offers cancer insurance to its employees through American Family Life or Capital American Life. Premiums vary for each employee depending on the terms of the union contracts.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 13 - CAPITAL LEASES - LESSEE DISCLOSURE

The School District has entered into capitalized leases for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the fund which will be making the lease payment. Capital lease payments are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Principal payments in fiscal year 2001 totaled \$19,326 in the General Fund.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	GLTDAG
2002	20,740
2003	20,740
2004	20,740
2005	5,939
Total	68,159
Less: Amount Representing Interest	(8,402)
Present Value of Minimum Lease Payments	59,757

NOTE 14 – NOTES AND LONG-TERM DEBT

Long-term obligations of the District as of June 30, 2001 were as follows:

Energy Conservation Improvement Notes totaling \$265,000 were issued on February 21, 1991, to provide energy conservation measures for the School District. A loan was issued under the authority of Ohio Revised Code sections 133.06(G) and 3313.372 at 6.5% interest, for a ten-year period, with final maturity in fiscal year 2002.

Energy Conservation Improvement Notes totaling \$72,875 were issued on May 23, 1997, to provide energy conservation measures for the School District. A loan was issued under the authority of Ohio Revised Code sections 133.06(G) and 3313.372 at 5.38% interest, for a ten-year period, with final maturity in fiscal year 2007.

The District received an interest-free Smart Financing Loan in the amount of \$106,357, on October 31, 1997, for a five-year period, with final maturity in fiscal year 2002.

Compensated absences will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 14 - LONG-TERM OBLIGATIONS (continued)

Principal and interest requirements to retire energy conservation loans at June 30, 2001, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	63,408	3,684	67,092
2003	16,386	2,157	18,543
2004	7,936	1,746	9,682
2005	8,369	1,313	9,682
2006	8,826	857	9,683
2007-2010	9,307	376	9,683
Total	<u>\$114,232</u>	<u>\$10,133</u>	<u>\$124,365</u>

A Summary of Changes in long-term obligations for the year ended June 30, 2001, are as follows:

	Balance July 1, 2000	Additions	Principal Payments	Retirements	Balance June 30, 2001
Energy Conservation Notes Payable	122,864	0	38,767	0	84,097
Smart Financing Loans Payable	49,634	0	19,499	0	30,135
Capital Leases Payable	93,319	0	19,326	14,236	59,757
Compensated Absences Payable	1,126,373	942,021	1,126,373	0	942,021
Total	<u>1,392,190</u>	<u>942,021</u>	<u>1,203,965</u>	<u>14,236</u>	<u>1,116,010</u>

NOTE 15 - INTERFUND RECEIVABLES/PAYABLES

Interfund balances at June 30, 2001, consist of the following receivables and payables:

Fund	Advance to	Advance from
General Fund	\$23,500	\$0
Special Revenue Fund:		
Family Resource Center	0	23,500
Total	<u>\$23,500</u>	<u>\$23,500</u>

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and school age child care. The table below reflects the more significant financial data relating to the enterprise funds of the Upper Sandusky Exempted Village School District as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	School Age Child Care	Total Enterprise Funds
Operating Revenues	\$ 379,572	\$ 38,059	\$ -	\$ 417,631
Operating Expenses less Depreciation	(472,423)	(42,662)	(8,738)	(523,823)
Depreciation Expense	<u>(3,117)</u>	<u>-</u>	<u>-</u>	<u>(3,117)</u>
Operating Income (Loss)	(95,968)	(4,603)	(8,738)	(109,309)
Interest	1,321	-	-	1,321
Federal Donated Commodities	23,862	-	-	23,862
Operating Grants	98,425	-	-	98,425
Gain on Disposal of Fixed Assets				
Transfer In	-	-	-	-
Transfer Out	-	-	-	-
Other Nonoperating Revenue	<u>12</u>	<u>-</u>	<u>11,788</u>	<u>11,800</u>
Net Income (Loss)	27,652	(4,603)	3,050	26,099
Fixed Assets Additions	\$ 7,217	\$ -	\$ -	\$ 7,217
Total Assets	102,840	11,006	11,871	125,717
Total Equity (Deficit)	44,654	11,006	11,468	67,128

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS

A. Tri-Rivers Educational Computer Association

The School District is a participant in the Tri-Rivers Educational Computer Association (TRECA), which is a computer consortium. TRECA is an association of public school districts within the boundaries of Delaware, Marion, Morrow, and Wyandot Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of TRECA consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. Financial information can be obtained from Mike Carder, who serves as Director, at 2222 Marion-Mt. Gilead Road, Marion, Ohio 43302.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

B. Vanguard-Sentinel Joint Vocational School

The Vanguard-Sentinel Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio, which provides vocational education for students. The JVS is operated under the direction of a Board consisting of one representative from the Upper Sandusky Local School District, one representative from twelve other participating school districts, and two representatives from the Fremont City School District. The JVS possesses its own budgeting and taxing authority. Financial information can be obtained from Jay Valasek, Vanguard-Sentinel Joint Vocational School, at 1306 Cedar Street, Fremont, Ohio 43420.

NOTE 18 – INSURANCE POOLS

A. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29, Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as a group purchasing pool. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire.

The Plans' 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

B. Wyandot-Crawford Health Benefit Plan

The Wyandot-Crawford Health Benefit Plan (the Plan) is a public entity shared risk pool consisting of five school districts. The Plan is organized as a Voluntary Employee Benefit Association under section 501(c)(9) of the Internal Revenue Code and provides sick, accident, and other benefits to employees of the participating school districts. Each participating school district's superintendent is appointed to the Board of Directors which advises the Trustee, Huntington Trust Company, N.A., concerning aspects of the administration of the Plan.

Each school district decides which benefit programs offered by the Plan will be extended to its employees. Participation in the Plan is by written application subject to acceptance by the Board of Directors and payment of the monthly premiums. Financial information can be obtained from Elaine Shaffley, Account Manager, 229 Huber Village Blvd., Westerville, Ohio 43081-5325.

NOTE 19 – RELATED ORGANIZATIONS

The Upper Sandusky Community Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Upper Sandusky Exempted Village School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. The Library is not considered part of the School District, and its operations are not included within the accompanying financial statements. Financial information can be obtained from John Lyon, Clerk/Treasurer, 310 North Sandusky Avenue Upper Sandusky, Ohio 43351.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 20 – 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 timeline 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.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, 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 reexamine and redetermine any issue upon such consideration.

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

NOTE 21 - CONTINGENCIES

A. Grants

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

B. Litigation

The School District is a party to legal proceedings. The School District is of the opinion that the ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 22 - STATUTORY RESERVES

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

In addition, although Senate Bill 345 eliminated the required budget stabilization set-aside effective April 10, 2001, the District has opted to maintain their reserve to offset any budget deficit the District may experience in future fiscal years. During the fiscal year ended June 30, 2001, the District's cash basis reserve activity was as follows:

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
Set-Aside Cash Balance as of June 30, 2000	\$ (132,586)	\$ -	\$ 151,993	\$ 19,407
Current Year Set-Aside Requirement	245,669	245,669	-	491,338
Qualifying Disbursements	<u>\$ (448,187)</u>	<u>\$ (323,411)</u>	<u>\$ -</u>	<u>\$ (771,598)</u>
Cash Balance Carried Forward to Fiscal Year 2002	<u>\$ (335,104)</u>	<u>\$ (77,742)</u>	<u>\$ 151,993</u>	<u>\$ (260,853)</u>
Amount Reserved for Set-Asides				<u>\$ 151,993</u>

Although the district's qualifying capital acquisition disbursements exceeded the set aside requirement, the excess amount does not qualify to be carried forward to offset future set-asides. Furthermore, qualifying disbursements in excess of individual set-aside requirements do not offset the current year's total amount to be reserved for set asides.

NOTE 23 – PRIOR PERIOD ADJUSTMENTS

In the prior period, a journal entry to reclassify the year-end unencumbered fund balance of state and federal reimbursement grants as deferred revenue was not recorded, resulting in an overstatement of fund equity and an understatement of fund liabilities. The following adjustment was recorded to restate the beginning fund balance in the Special Revenue Funds for fiscal year 2001:

Fund Balance, as stated June 30, 2000	\$ 201,329
Adjustment Amount:	<u>(136,892)</u>
Fund Balance, as restated July 1, 2000	<u>64,437</u>

NOTE 24 – CHANGE IN ACCOUNTING PRINCIPLE

The District has implemented GASB Statement No. 33 "Accounting and Financial Reporting for Non-exchange Transactions" and GASB Statement No. 36 "Recipient Reporting for Certain Shared Nonexchange Revenues – an amendment of GASB Statement No. 33." The implementation of these statements had no effect on the prior year fund balance.

Steen & Co. LLC

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CONSULTANTS

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
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

We have audited the general purpose financial statements of the Upper Sandusky Exempted Village School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated December 28, 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 financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to management of the Upper Sandusky Exempted Village School District in a letter dated December 28, 2001.

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

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Board of Education

Upper Sandusky Exempted Village School District
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of the district's board, management, and federal awarding and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Steen & Co. LLC

Steen & Co., LLC
December 28, 2001

Steen & Co. LLC

CERTIFIED PUBLIC ACCOUNTANTS
BUSINESS AND GOVERNMENT
CONSULTANTS

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

Board of Education
Upper Sandusky Exempted Village School District
390 West Walker Street
Upper Sandusky, Ohio 43351

Compliance

We have audited the compliance of Upper Sandusky Exempted Village School District, Wyandot County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that 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. 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 occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. 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 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.

Steen & Co. LLC

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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.

Steen & Co. LLC

Steen & Co. LLC
December 28, 2001

Upper Sandusky Exempted Village School District
July 1, 2000 - June 30, 2001

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor Program title	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
Commodity Distribution	10.550	-	27,145	-	23,862
School Breakfast Program	10.553	6,237	-	6,237	-
School Lunch Program	10.555	87,694	-	87,694	-
Total U.S. Department of Agriculture - Nutrition Cluster		93,931	27,145	93,931	23,862
<u>U.S. DEPARTMENT OF EDUCATION</u>					
<i>Passed Through Ohio Department of Education</i>					
Adult Basic Literacy	84.002	30,185	-	31,348	-
Title I - School Subsidy	84.010	202,205	-	201,690	-
Title IV-B	84.027	135,133	-	133,220	-
Drug Free Schools	84.186	7,702	-	10,395	-
Eisenhower Professional Development	84.281	7,097	-	7,043	-
Innovative Education	84.298	10,453	-	19,133	-
Title IV-R	84.340	36,575	-	31,868	-
Total U.S. Department of Education		429,350	-	434,697	-
<u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>					
<i>Passed Through Ohio Children's Trust Fund:</i>					
Family Resource and Support	93.590	78,952	-	74,090	-
Total U.S. Department of Health and Human Services		78,952	-	74,090	-
Totals		\$ 602,233	\$ 27,145	\$ 602,718	\$ 23,862

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

FOR THE YEAR ENDED JUNE 30, 2001

NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES

NOTE A – SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B – FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture 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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs ?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I 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.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
WYANDOT COUNTY**

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

JUNE 30, 2001

There were no prior audit findings or questioned costs for federal awards reported in 2000.

**UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT
390 WEST WALKER STREET
UPPER SANDUSKY, OHIO 43351
(419) 294-2306**

**Response To Findings Associated With Audit Conducted
In Accordance With Government Auditing Standards
For The Year Ended June 30, 2001**

<u>Finding Number</u>	<u>Planned Corrective Action</u>	<u>Anticipated Completion Date</u>	<u>Responsible Contact Person</u>
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Not
Applicable



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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800-282-0370
Facsimile 614-466-4490

UPPER SANDUSKY EXEMPTED VILLAGE SCHOOL DISTRICT

WYANDOT 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 31, 2002**