



**Auditor of State
Betty Montgomery**

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the School 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 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 Trimble Local School District, Athens County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

The accompanying general purpose financial statements have been prepared assuming the School District will continue as a going concern. The Auditor of State declared the School District to be in Fiscal Emergency status on January 31, 2001 because of the following conditions:

- An operating deficit in the General Fund was projected for June 30, 2001 that exceeded 8% of General Fund revenue for the preceding fiscal year;
- The fiscal year 2000 General Fund unencumbered cash balance was less than 8% of fiscal year 2000 General Fund expenditures; and,
- The School District has not been able to pass additional tax levies by the voters of the School District.

These matters raise substantial doubt about the School District's ability to continue as a going concern. These matters, and management's plans regarding them, are described in Note 1 to the general purpose financial statements. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 24, 2003, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.



Betty Montgomery
Auditor of State

October 24, 2003

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Trimble Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$67,268	\$222,121	\$197,992	\$307,480
Cash and Cash Equivalents in Segregated Accounts	0	539	0	0
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	34,463	0
Investments	0	0	0	0
<u>Receivables:</u>				
Taxes	614,892	11,834	132,897	0
Accounts	346	0	0	0
Intergovernmental	71,063	292,096	11,712	0
Interfund	16,764	0	0	0
Due from Other Funds	565	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	10,076	0	0	0
Prepaid Items	20,602	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	69,694	0	0	0
Fixed Assets (Net, where applicable of Accumulated Depreciation	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$871,270	\$526,590	\$377,064	\$307,480

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$6,165	\$9,965	\$0	\$0	\$810,991
0	0	0	0	539
0	0	0	0	34,463
0	17,794	0	0	17,794
0	0	0	0	759,623
78	0	0	0	424
0	0	0	0	374,871
0	0	0	0	16,764
1,055	0	0	0	1,620
9,416	0	0	0	9,416
1,344	0	0	0	11,420
0	0	0	0	20,602
0	0	0	0	69,694
131,902	0	23,951,507	0	24,083,409
0	0	0	214,906	214,906
0	0	0	1,711,988	1,711,988
<u>\$149,960</u>	<u>\$27,759</u>	<u>\$23,951,507</u>	<u>\$1,926,894</u>	<u>\$28,138,524</u>

(continued)

Trimble Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$69,323	\$55,471	\$0	\$23
Accrued Wages and Benefits Payable	632,360	183,424	0	0
Compensated Absences Payable	14,421	2,703	0	0
Interfund Payable	0	9,662	0	7,102
Intergovernmental Payable	106,247	30,939	0	0
Deferred Revenue	589,925	162,679	127,695	0
Due to Other Funds	19	1,601	0	0
Due to Students	0	0	0	0
Matured Bonds Payable	0	0	30,000	0
Matured Interest Payable	0	0	4,463	0
Capital Leases Payable	0	0	0	0
State Operating Loan Payable	379,000	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,791,295</u>	<u>446,479</u>	<u>162,158</u>	<u>7,125</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	26,154	60,476	0	0
Reserved for Endowments	0	0	0	0
Reserved for Inventory	10,076	0	0	0
Reserved for Property Tax	18,972	0	4,204	0
Reserved for Bus Purchases	29,806	0	0	0
Reserved for Textbooks	39,888	0	0	0
Unreserved:				
Designated for Capital Maintenance	254	0	0	0
Undesignated (Deficit)	<u>(1,045,175)</u>	<u>19,635</u>	<u>210,702</u>	<u>300,355</u>
Total Fund Equity (Deficit) and Other Credits	<u>(920,025)</u>	<u>80,111</u>	<u>214,906</u>	<u>300,355</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$871,270</u>	<u>\$526,590</u>	<u>\$377,064</u>	<u>\$307,480</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$21,184	\$0	\$0	\$0	\$146,001
29,348	0	0	0	845,132
9,704	0	0	516,393	543,221
0	0	0	0	16,764
12,731	0	0	69,400	219,317
0	0	0	0	880,299
0	0	0	0	1,620
0	9,965	0	0	9,965
0	0	0	0	30,000
0	0	0	0	4,463
0	0	0	68,805	68,805
0	0	0	0	379,000
0	0	0	77,296	77,296
0	0	0	1,195,000	1,195,000
<u>72,967</u>	<u>9,965</u>	<u>0</u>	<u>1,926,894</u>	<u>4,416,883</u>
0	0	23,951,507	0	23,951,507
236,592	0	0	0	236,592
(159,599)	0	0	0	(159,599)
0	0	0	0	86,630
0	7,890	0	0	7,890
0	0	0	0	10,076
0	0	0	0	23,176
0	0	0	0	29,806
0	0	0	0	39,888
0	0	0	0	254
0	9,904	0	0	(504,579)
<u>76,993</u>	<u>17,794</u>	<u>23,951,507</u>	<u>0</u>	<u>23,721,641</u>
<u>\$149,960</u>	<u>\$27,759</u>	<u>\$23,951,507</u>	<u>\$1,926,894</u>	<u>\$28,138,524</u>

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$608,958	\$12,110	\$138,934	\$0	\$760,002
Income Taxes	3,845	0	0	0	3,845
Intergovernmental	5,908,647	1,458,475	23,092	11,500	7,401,714
Interest	6,122	284	0	7,383	13,789
Tuition and Fees	252,196	0	0	0	252,196
Extracurricular	0	59,430	0	0	59,430
Gifts and Donations	1,575	0	0	0	1,575
Miscellaneous	10,117	55,159	0	0	65,276
Total Revenues	6,791,460	1,585,458	162,026	18,883	8,557,827
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	2,690,342	571,488	0	2,542	3,264,372
Special	829,623	425,368	0	3,418	1,258,409
Vocational	161,608	0	0	0	161,608
Other	210,748	0	0	0	210,748
Support Services:					
Pupils	215,464	205,970	0	0	421,434
Instructional Staff	214,155	280,087	0	11,477	505,719
Board of Education	30,023	474	0	0	30,497
Administration	704,704	58,729	0	0	763,433
Fiscal	194,848	7,796	4,480	0	207,124
Operation and Maintenance of Plant	695,766	39,941	0	0	735,707
Pupil Transportation	629,486	2,384	0	0	631,870
Central	13,391	14,144	0	0	27,535
Non-Instructional Services	47	0	0	0	47
Extracurricular Activities	74,334	84,009	0	906	159,249
Capital Outlay	0	0	0	229,128	229,128
Debt Service:					
Principal Retirement	315,302	30,770	65,000	0	411,072
Interest and Fiscal Charges	6,581	0	89,085	0	95,666
Total Expenditures	6,986,422	1,721,160	158,565	247,471	9,113,618
Excess of Revenues Over (Under) Expenditures	(194,962)	(135,702)	3,461	(228,588)	(555,791)
<u>Other Financing Sources (Uses):</u>					
Operating Transfers - In	0	27,541	0	0	27,541
Operating Transfers - Out	(26,804)	(737)	0	0	(27,541)
Total Other Financing Sources (Uses)	(26,804)	26,804	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Sources (Uses)	(221,766)	(108,898)	3,461	(228,588)	(555,791)
Fund Balances (Deficit) at Beginning of Year	(694,395)	189,009	211,445	528,943	235,002
Decrease in Reserve for Inventory	(3,864)	0	0	0	(3,864)
Fund Balances (Deficit) at End of Year	(\$920,025)	\$80,111	\$214,906	\$300,355	(\$324,653)

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Year Ended June 30, 2003

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$593,531	\$593,531	\$0
Income Taxes	3,845	3,845	0
Intergovernmental	5,344,730	5,344,730	0
Interest	6,232	6,137	(95)
Tuition and Fees	252,133	252,133	0
Extracurricular	0	0	0
Gifts and Donations	1,575	1,575	0
Miscellaneous	38,266	38,266	0
Total Revenues	6,240,312	6,240,217	(95)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,012,814	3,012,814	0
Special	827,845	827,845	0
Vocational	190,845	190,845	0
Other	217,739	217,739	0
Support Services:			
Pupils	227,233	227,233	0
Instructional Staff	229,961	229,961	0
Board of Education	33,798	33,798	0
Administration	723,754	723,754	0
Fiscal	199,093	199,093	0
Operation and Maintenance of Plant	707,916	707,916	0
Pupil Transportation	625,791	625,791	0
Central	13,391	13,391	0
Non-Instructional Services	47	47	0
Extracurricular Activities	73,960	73,960	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	7,084,187	7,084,187	0
Excess of Revenues Under Expenditures	(843,875)	(843,970)	(95)
<u>Other Financing Sources (Uses):</u>			
Advances - In	1,102	1,102	0
Operating Transfers - In	0	0	0
Refund of Prior Year Expenditures	26,025	26,025	0
Proceeds from the Sale of Notes	379,000	379,000	0
Other Financing Sources	0	0	0
Advances - Out	0	(9,429)	(9,429)
Operating Transfers - Out	(26,804)	(26,804)	0
Total Other Financing Sources (Uses)	379,323	369,894	(9,429)
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(464,552)	(474,076)	(9,524)
Fund Balances at Beginning of Year	468,813	468,813	0
Prior Year Encumbrances Appropriated	65,487	65,487	0
Fund Balances at End of Year	\$69,748	\$60,224	(\$9,524)

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Year Ended June 30, 2003

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$12,070	\$12,070	\$0
Income Taxes	0	0	0
Intergovernmental	1,380,353	1,378,794	(1,559)
Interest	0	284	284
Tuition and Fees	0	0	0
Extracurricular	59,082	59,082	0
Gifts and Donations	0	0	0
Miscellaneous	55,143	55,143	0
Total Revenues	1,506,648	1,505,373	(1,275)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	580,038	580,038	0
Special	455,038	455,148	(110)
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	196,571	196,392	179
Instructional Staff	287,084	287,084	0
Board of Education	474	474	0
Administration	52,238	52,238	0
Fiscal	7,522	7,522	0
Operation and Maintenance of Plant	50,038	50,038	0
Pupil Transportation	2,378	2,378	0
Central	14,550	14,550	0
Non-Instructional Services	0	0	0
Extracurricular Activities	91,134	91,134	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	1,737,065	1,736,996	69
Excess of Revenues Under Expenditures	(230,417)	(231,623)	(1,206)
<u>Other Financing Sources (Uses):</u>			
Advances - In	0	9,429	9,429
Operating Transfers - In	27,541	27,541	0
Refund of Prior Year Expenditures	0	0	0
Proceeds from the Sale of Notes	0	0	0
Other Financing Sources	7,500	7,500	0
Advances - Out	(1,102)	(1,102)	0
Operating Transfers - Out	(737)	(737)	0
Total Other Financing Sources (Uses)	33,202	42,631	9,429
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(197,215)	(188,992)	8,223
Fund Balances at Beginning of Year	278,072	278,072	0
Prior Year Encumbrances Appropriated	23,241	23,241	0
Fund Balances at End of Year	\$104,098	\$112,321	\$8,223

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$138,337	\$138,337	\$0	\$0	\$0	\$0
0	0	0	0	0	0
483,881	483,881	0	11,500	11,500	0
0	0	0	7,783	7,383	(400)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
622,218	622,218	0	19,283	18,883	(400)
0	0	0	2,542	2,542	0
0	0	0	3,418	3,418	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	11,500	11,500	0
0	0	0	0	0	0
0	0	0	0	0	0
4,480	4,480	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	906	906	0
0	0	0	371,643	371,643	0
537,500	537,500	0	0	0	0
89,085	89,085	0	0	0	0
631,065	631,065	0	390,009	390,009	0
(8,847)	(8,847)	0	(370,726)	(371,126)	(400)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
(8,847)	(8,847)	0	(370,726)	(371,126)	(400)
203,244	203,244	0	461,196	461,196	0
0	0	0	217,387	217,387	0
\$194,397	\$194,397	\$0	\$307,857	\$307,457	(\$400)

(continued)

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Year Ended June 30, 2003

	<u>Totals (Memorandum Only)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Property Taxes	\$743,938	\$743,938	\$0
Income Taxes	3,845	3,845	0
Intergovernmental	7,220,464	7,218,905	(1,559)
Interest	14,015	13,804	(211)
Tuition and Fees	252,133	252,133	0
Extracurricular	59,082	59,082	0
Gifts and Donations	1,575	1,575	0
Miscellaneous	93,409	93,409	0
Total Revenues	8,388,461	8,386,691	(1,770)
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	3,595,394	3,595,394	0
Special	1,286,301	1,286,411	(110)
Vocational	190,845	190,845	0
Other	217,739	217,739	0
<u>Support Services:</u>			
Pupils	423,804	423,625	179
Instructional Staff	528,545	528,545	0
Board of Education	34,272	34,272	0
Administration	775,992	775,992	0
Fiscal	211,095	211,095	0
Operation and Maintenance of Plant	757,954	757,954	0
Pupil Transportation	628,169	628,169	0
Central	27,941	27,941	0
Non-Instructional Services	47	47	0
Extracurricular Activities	166,000	166,000	0
Capital Outlay	371,643	371,643	0
<u>Debt Service:</u>			
Principal Retirement	537,500	537,500	0
Interest and Fiscal Charges	89,085	89,085	0
Total Expenditures	9,842,326	9,842,257	69
Excess of Revenues Under Expenditures	(1,453,865)	(1,455,566)	(1,701)
<u>Other Financing Sources (Uses):</u>			
Advances - In	1,102	10,531	9,429
Operating Transfers - In	27,541	27,541	0
Refund of Prior Year Expenditures	26,025	26,025	0
Proceeds from the Sale of Notes	379,000	379,000	0
Other Financing Sources	7,500	7,500	0
Advances - Out	(1,102)	(10,531)	(9,429)
Operating Transfers - Out	(27,541)	(27,541)	0
Total Other Financing Sources (Uses)	412,525	412,525	0
Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses	(1,041,340)	(1,043,041)	(1,701)
Fund Balances at Beginning of Year	1,411,325	1,411,325	0
Prior Year Encumbrances Appropriated	306,115	306,115	0
Fund Balances at End of Year	\$676,100	\$674,399	(\$1,701)

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
 Combined Statement of Revenues,
 Expenses and Changes in Fund Equity
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	<u>Enterprise</u>	Non- Expendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$97,983	\$0	\$97,983
Interest	0	669	669
Other Revenues	2,175	1,320	3,495
Total Revenues	100,158	1,989	102,147
<u>Expenses:</u>			
Salaries and Wages	134,455	0	134,455
Fringe Benefits	82,571	0	82,571
Purchased Services	8,070	0	8,070
Materials and Supplies	36,310	0	36,310
Cost of Sales	131,761	0	131,761
Depreciation	13,917	0	13,917
Other	614	1,000	1,614
Total Expenses	407,698	1,000	408,698
Operating Income (Loss)	(307,540)	989	(306,551)
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	33,511	0	33,511
Federal and State Subsidies	232,441	0	232,441
Total Non-Operating Revenues	265,952	0	265,952
Net Income (Loss)	(41,588)	989	(40,599)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated Note 3	(118,011)	16,805	(101,206)
Retained Earnings (Deficit)/Fund Balance at End of Year	(159,599)	17,794	(141,805)
Contributed Capital at Beginning of Year	235,127	0	235,127
Contributions from Other Funds	1,465	0	1,465
Contributed Capital at End of Year	236,592	0	236,592
Total Fund Equity at End of Year	\$76,993	\$17,794	\$94,787

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenses and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2003

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$96,939	\$96,939	\$0
Interest	0	0	0
Other Revenues	2,175	2,175	0
Operating Grants	232,441	232,441	0
 Total Revenues	 331,555	 331,555	 0
<u>Expenses:</u>			
Salaries	133,322	133,322	0
Fringe Benefits	78,142	78,142	0
Purchased Services	7,910	7,910	0
Materials and Supplies	116,203	116,203	0
Other	614	614	0
 Total Expenses	 336,191	 336,191	 0
 Excess of Revenues Over (Under) Expenses	 (4,636)	 (4,636)	 0
 Fund Equity at Beginning of Year	 10,639	 10,639	 0
 Fund Equity at End of Year	 \$6,003	 \$6,003	 \$0

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Funds			Total (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$96,939	\$96,939	\$0
0	669	669	0	669	669
0	1,320	1,320	2,175	3,495	1,320
0	0	0	232,441	232,441	0
0	1,989	1,989	331,555	333,544	1,989
0	0	0	133,322	133,322	0
0	0	0	78,142	78,142	0
0	0	0	7,910	7,910	0
0	0	0	116,203	116,203	0
0	1,000	(1,000)	614	1,614	(1,000)
0	1,000	(1,000)	336,191	337,191	(1,000)
0	989	989	(4,636)	(3,647)	989
16,805	16,805	0	27,444	27,444	0
<u>\$16,805</u>	<u>\$17,794</u>	<u>\$989</u>	<u>\$22,808</u>	<u>\$23,797</u>	<u>\$989</u>

Trimble Local School District, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Funds
For the Fiscal Year Ended June 30, 2003

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Non- Expendable Trust</u>	
<u>Increase (Decrease) in Cash and Cash Equivalents</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$96,860	\$0	\$96,860
Other Operating Revenue	2,175	1,320	3,495
Cash Payments for Employee Services	(133,322)	0	(133,322)
Cash Payments for Employee Benefits	(78,142)	0	(78,142)
Cash Payments to Suppliers for Goods and Services	(123,951)	0	(123,951)
Cash Payments for Other Expenses	(614)	0	(614)
Cash Payments for Scholarships	0	(1,000)	(1,000)
Net Cash Provided by (Used for) Operating Activities	<u>(236,994)</u>	<u>320</u>	<u>(236,674)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	<u>232,441</u>	<u>0</u>	<u>232,441</u>
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	0	15,805	15,805
Purchase of Investments	0	(17,794)	(17,794)
Interest	<u>0</u>	<u>669</u>	<u>669</u>
Net Cash Provided by Noncapital Financing Activities	<u>0</u>	<u>(1,320)</u>	<u>(1,320)</u>
Net Decrease in Cash and Cash Equivalents	(4,553)	(1,000)	(5,553)
Cash and Cash Equivalents at Beginning of Year	<u>10,718</u>	<u>1,000</u>	<u>11,718</u>
Cash and Cash Equivalents at End of Year	<u><u>\$6,165</u></u>	<u><u>\$0</u></u>	<u><u>\$6,165</u></u>

(Continued)

Trimble Local School District, Ohio
Combined Statement of Cash Flows
Proprietary Fund Type and Non-Expendable Trust Funds (Continued)
For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trust	
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$307,540)	\$989	(\$306,551)
Depreciation Expense	13,917	0	13,917
Donated Commodities Received During Year	33,511	0	33,511
Interest Income	0	(669)	(669)
 <u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(68)	0	(68)
Increase in Due from Other Funds	(1,055)	0	(1,055)
Increase in Inventory Held for Resale	(2,380)	0	(2,380)
Increase in Materials and Supplies	(85)	0	(85)
Increase in Accounts Payable	21,144	0	21,144
Increase in Accrued Salaries	1,853	0	1,853
Increase in Compensated Absences Payable	624	0	624
Increase in Intergovernmental Payable	3,085	0	3,085
 Net Cash Provided by (Used for) Operating Activities	 (\$236,994)	 \$320	 (\$236,674)
 <u>Reconciliation:</u>			
Cash and Cash Equivalents - All Fiduciary Funds			\$9,965
Cash and Cash Equivalents - All Agency Funds			(9,965)
 Cash and Cash Equivalents - All Non-Expendable Trust Funds			 \$0

Non-Cash, Non-Capital Financing Activities:

During Fiscal Year 2003, the Food Service Enterprise Fund received \$33,511 in Federally Donated Commodities

During Fiscal Year 2003, the District recorded an increase in the fair value of investments of \$1,989 in the Non-Expendable Trust Funds.

Non-Cash Capital Transactions:

During Fiscal Year 2003, the Food Service Enterprise Fund received donated fixed assets from other funds in the amount of \$1,465.

See accompanying notes to the general purpose financial statements

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Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 55 classified employees, 89 certified teaching personnel, and 4 administrators, who provide services to 975 students and other community members.

On January 31, 2001, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State due to the School District's declining financial condition. In accordance with State Statute, a five-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission is composed of a designated representative from the State Director of Budget and Management, a designated representative from the State Superintendent of Public Instruction, a resident/business owner within the School District appointed by the Athens County Auditor, a local business person appointed by the Governor, and a parent with a child enrolled within the School District appointed by the State Superintendent of Public Instruction. The Commission's primary charge is to develop, adopt, and implement a financial recovery plan. The Commission accordingly adopted the School District Plan on June 22, 2001. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

The reporting entity is composed 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 the Trimble Local School District, this includes general operations, food service, and student related activities of the School District.

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

The School District participates in the Southeast Ohio Voluntary Educational Consortium, the Tri-County Career Center, the Coalition of Rural and Appalachian Schools, and the South Eastern Ohio Special Education Regional Resource Center, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 20 and 21.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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) 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 major capital projects) that are legally restricted to expenditure for specified purposes.

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

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

Account Groups:

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

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

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 the proprietary 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 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.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees, and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported 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 governmental funds.

On the accrual basis of accounting, expenses are recognized at the time they are incurred.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations by fund cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has the authority to allocate appropriations at the function and object level without resolution by the Board.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Athens 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 amended certificate in effect when final appropriations for the year were passed.

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 is legally enacted by the Board of Education. 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 total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. 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. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all 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 balance sheet.

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

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2003. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2003 amounted to \$6,122, which includes \$5,490 assigned from other School district funds.

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

E. 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 material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, 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 is reported in the fiscal year in which services are consumed.

G. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

Assets in the general fixed assets account group are not depreciated. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of seven to twenty years.

H. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from/to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables/payables".

I. Compensated Absences

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

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 certified employees, administrators, and classified employees after five years of current service with the School District.

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.

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

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

Under Ohio law, a debt retirement fund may be created and used for the payment of state solvency loans. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been allocated among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. 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.

L. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition of textbooks and unexpended grants restricted for the purchase of buses. See Note 18 for additional information regarding set-asides.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

M. 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.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for endowments signifies the legal restrictions on the use of principal.

O. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for capital maintenance required by State statute.

P. Contributed Capital

Contributed capital represented resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. Because the School District had not prepared financial statements in accordance with Generally Accepted Accounting Principles prior to 1994, the exact amount of contributed capital pertaining to prior years cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements.

Capital contributions received after fiscal year 2000 from other governments and private sources have been recorded as revenues and are reported as retained earnings. Contributions from other funds are still recorded as contributed capital.

Q. Total Columns on General Purpose Financial Statements

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 3 – RESTATEMENT OF FUND EQUITY

Fixed assets and accumulated depreciation were understated in the Enterprise Funds by \$12,230 and \$2,199, respectively. This adjustment increased fixed assets from \$197,000 to \$209,230 and accumulated depreciation from \$62,677 to \$64,876. This error increased retained earnings and net income by \$10,031, from (\$128,042) to (\$118,011) for retained earnings, and from (\$25,007) to (\$14,976) for net income as they were previously reported at June 30, 2002.

The General Fixed Assets Account Group was overstated by \$12,230 in the previous year. The Account Group's balance at June 30, 2002, decreased from \$23,733,516 to \$23,613,546.

NOTE 4 – FUND DEFICITS

The following funds had deficit fund balances as of June 30, 2003:

	Deficit
General Fund	\$920,025
Special Revenue Funds:	
Classroom Facilities Maintenance	9,832
Disadvantaged Pupil Impact Aid	79,130
Title VI	7
Handicapped Preschool	341
Capital Projects Fund:	
Emergency Building Repair	7,102
Enterprise Fund:	
Food Service	158,517

The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The deficit in the food service enterprise fund is the result of accumulated losses. The School District is analyzing the enterprise fund operations to determine appropriate steps to alleviate the deficit.

NOTE 5 - 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 and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type and Non-Expendable Trust Funds are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
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1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on loan proceeds are reporting on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).
6. Payments from the debt service fund rather than the fund receiving the proceeds of the loan.

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$221,766)	(\$108,898)	\$3,461	(\$228,588)
Revenue Accruals	(523,193)	(72,573)	(12,308)	0
Expenditure Accruals	(13,534)	92,137	0	(142,515)
Revenue Allocation from Debt				
Service Fund to the General Fund	0	0	472,500	0
Debt Service Principal	0	0	(472,500)	0
Note Proceeds	379,000	0	0	0
Beginning of Year:				
Prepaid Items	15,819	0	0	0
Unreported Cash	675	0	0	0
End of Year:				
Prepaid Items	(20,602)	0	0	0
Unreported Cash	(2,700)	(12)	0	0
Advances	(8,327)	8,327	0	0
Encumbrances	(79,448)	(107,973)	0	(23)
Budget Basis	<u>(\$474,076)</u>	<u>(\$188,992)</u>	<u>(\$8,847)</u>	<u>(\$371,126)</u>

Trimble Local School District, Ohio
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	Net Income (Loss)/Excess of Revenues over (under) Expenses Proprietary and Non-Expendable Trust Funds	
	Enterprise	Non- Expendable Trust
GAAP Basis	(\$41,588)	\$989
Revenue Accruals	(34,634)	0
Expense Accruals	57,752	0
Depreciation	13,917	
Beginning of Year:		
Unreported Cash	79	0
Encumbrances	(162)	0
Budget Basis	(\$4,636)	\$989

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

Interim 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 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 money 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 State Treasury or any other obligation guaranteed as to principal and interest by the United States;

Trimble Local School District, Ohio
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2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage, and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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 following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$613,036 and the bank balance was \$621,992. Of the bank balance, \$135,002 was covered by federal deposit insurance and \$486,990 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Trimble Local School District, Ohio
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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 School District or its agent in the School 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 School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is not classified since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAROhio at June 30, 2003, was \$320,445.

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	\$915,687	\$17,794
Investments:		
Certificates of Deposit	17,794	(17,794)
STAROhio	(320,445)	320,445
GASB Statement 3	\$613,036	\$320,445

NOTE 7 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the school district fiscal year runs from July through June. First half tax collections are received by the school district in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

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Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Athens County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property, and tangible personal property taxes which are measurable as of June 30, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was \$18,972 in the General Fund and \$4,204 in the Bond Retirement Debt Service Fund. The amount available as an advance at June 30, 2002, was \$3,101 in the General Fund and \$3,992 in the Bond Retirement Debt Service Fund.

Also intended to finance current fiscal year operations is the June personal property tax settlement that was not received until August, 2003, in the amount of \$5,518 in the General Fund, \$101 in the Classroom Facilities Special Revenue Fund, and \$998 in the Bond Retirement Fund.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second Half Collections		2003 First Half Collections	
Real Property	\$23,253,293	84.10%	\$29,502,350	83.95%
Public Utility Tangible Personal Property	3,566,795	12.90%	3,024,430	8.61%
Tangible Personal Property	829,487	3.00%	2,615,660	7.44%
Total	\$27,649,575	100.00%	\$35,142,440	100.00%
Tax Rate per \$1,000 of Assessed Valuation	\$32.92		\$32.92	

NOTE 8 - RECEIVABLES

Receivables at June 30, 2003, consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Trimble Local School District, Ohio
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Intergovernmental Receivables	Amounts
General Fund:	
County Preschool Reimbursements	\$20,009
Homestead and Rollback	46,659
Miscellaneous Reimbursements	4,395
Total General Fund	71,063
Special Revenue Funds:	
Title VI-B	48,813
Title I	161,478
Title V	1,559
Drug Free Schools	3,861
Preschool Disabilities	453
E-Rate	747
Homestead and Rollback	905
Title II-A	73,989
Miscellaneous Reimbursements	291
Total Special Revenue Funds	292,096
Bond Retirement Fund:	
Homestead and Rollback	11,712
Total Intergovernmental Receivables	\$374,871

NOTE 9 - FIXED ASSETS

A summary of the enterprise fund's fixed assets at June 30, 2003, follows:

	Enterprise
Furniture, Fixtures, and Equipment	\$210,695
Less: Accumulated Depreciation	(78,793)
Net Fixed Assets	\$131,902

A summary of the changes in general fixed assets during fiscal year 2003 follows:

Asset Category	Balance at 06/30/02	Additions	Deletions	Balance at 06/30/03
Land and Improvements	\$670,055	\$23,500	\$0	\$693,555
Buildings and Improvements	9,153,670	11,640,316	0	20,793,986
Furniture, Fixtures, and Equipment	1,508,536	162,666	29,600	1,641,602
Vehicles	711,819	110,545	0	822,364
Construction in Progress	11,569,466	0	11,569,466	0
Totals	\$23,613,546	\$11,937,027	\$11,599,066	\$23,951,507

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District had coverage as follows:

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Property	Deductible	Limits of Coverage
Real Property	\$2,500	\$21,332,324
General Liability:		
Per Occurrence	0	1,000,000
Annual Aggregate	0	5,000,000
Boiler and Machinery	500	2,000,000
Inland Marine	250	3,972
Spoilage	0	5,000
Vehicles:		
Bodily Injury:		
Per Person	0	1,000,000
Per Accident	0	1,000,000
Property Damage	0	1,000,000
Uninsured Motorist:		
Per Person	0	1,000,000
Per Accident	0	1,000,000

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

B. Workers' Compensation

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

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New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$527,049, \$316,433, and \$242,114 respectively; 85.63 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$3,213 made by the School District and \$8,931 made by the plan members.

B. School Employees Retirement System

Trimble Local School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

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Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46% of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$114,269, \$69,457, and \$34,341, respectively; 52.41 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. \$54,385, representing the unpaid contribution for fiscal year 2003, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS 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 cost 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, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$40,542 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. 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 the premium.

Trimble Local School District, Ohio
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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay has been established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$81,541.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2002, (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTE 13- EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to sick leave accrual. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for certified employees and 45 days for classified employees.

B. Insurance Benefits

The School District provides health and major medical insurance for all eligible employees. The School District pays the full monthly premiums for family coverage and for individual coverage. Premiums are paid from the same funds that pay the employees' salaries. The School District also provides prescription drug insurance to its employees through Anthem Blue Cross/Blue Shield. This plan utilizes a \$5 per generic prescription and \$12 per brand name prescription deductible.

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

Dental coverage is provided through CoreSource. Monthly premiums for family and single coverage are \$18.02 and \$43.90, respectively.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
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C. Early Retirement Incentive

The School District Board of Education approved an Early Retirement Incentive program for certificated staff. Participation was open to employees who were at least fifty years old and have accumulated 28 years of teaching credit or are sixty years of age and have accumulated five years of teaching credit. The Board agreed to purchase two years of credit. The Board limited the number of employees participating in the plan in any one year to ten certificated employees. The Board had the option of paying the liability in its entirety or in installments. Early retirement incentive payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements for governmental funds. These expenditures are reflected as program/function expenditures on a budgetary basis. This program began on July 1, 2000, and was discontinued on June 30, 2003.

NOTE 14 - FUND OBLIGATION

Changes in the fund obligation of the School District during fiscal year 2003 were as follows:

	Outstanding 06/30/02	Additions	Deductions	Outstanding 6/30/03
State Solvency Advance - 0%	\$472,500	\$379,000	\$472,500	\$379,000

The State Solvency Advance, which is interest free money from the State, was obtained to finance General Fund operations. The advance will be repaid directly through monthly reductions from the State Foundation revenues during fiscal year 2004.

NOTE 15 CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into capitalized lease agreements for copiers. 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. Capital lease payments made from governmental funds have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

The items acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$88,974, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 2003 totaled \$15,338.

Trimble Local School District, Ohio
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Future minimum lease payments through 2007 are as follows:

<u>Year</u>	<u>Amount</u>
2004	\$21,919
2005	21,919
2006	21,919
2007	<u>14,613</u>
Total	80,370
Less: Amount Representing Interest	<u>(11,565)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$68,805</u></u>

NOTE 16- LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

	<u>Outstanding</u> <u>06/30/02</u>	<u>Additions</u>	<u>Deductions</u>	<u>Outstanding</u> <u>6/30/03</u>
Classroom Facilities Bonds - 6.322%	\$905,000	\$0	\$25,000	\$880,000
School Facilities Bond - 9.75%	355,000	0	40,000	315,000
Capital Leases	84,143	0	15,338	68,805
Early Retirement Incentive	330,734	77,296	330,734	77,296
Compensated Absences	467,585	101,240	52,432	516,393
Pension Obligation	<u>52,606</u>	<u>69,400</u>	<u>52,606</u>	<u>69,400</u>
Total Long-Term Obligations	<u><u>\$2,195,068</u></u>	<u><u>\$247,936</u></u>	<u><u>\$516,110</u></u>	<u><u>\$1,926,894</u></u>

Classroom Facilities General Obligation Bonds - On May 15, 2000, Trimble Local School District issued \$968,000 in voted general obligation bonds for the purpose of constructing, acquiring, reconstructing, and making additions to classroom facilities. The bonds were issued for a 23 year period with final maturity at December 1, 2022. The bonds will be retired from the Debt Service Fund.

School Facilities General Obligation Bonds - On October 1, 1985, Trimble Local School District issued \$955,000 in voted general obligation bonds for the construction of school buildings. The bonds were issued for a 25 year period with final maturity at December 1, 2009. The bonds will be retired from the Debt Service Fund.

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. Capital leases reported in the General Long-Term Obligations Account Group will be paid from the General Fund. The School District's overall legal debt margin was \$2,182,726 with an unvoted debt margin of \$35,142 at June 30, 2003.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 2003, are as follows:

Fiscal Year Ended December 31,	Principal	Interest	Total
2004	\$70,000	\$84,304	\$154,304
2005	70,000	78,641	148,641
2006	70,000	72,954	142,954
2007	75,000	67,254	142,254
2008	75,000	61,261	136,261
2009 - 2013	265,000	233,924	498,924
2014 - 2018	240,000	162,338	402,338
2019 - 2023	330,000	69,525	399,525
	<u>\$1,195,000</u>	<u>\$830,201</u>	<u>\$2,025,201</u>

NOTE 17- INTERFUND ACTIVITY

As of June 30, 2003, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable	Payable
General Fund	\$16,764	\$0
Special Revenue Funds:		
Classroom Facilities	0	7,870
Athletics	0	233
Title VI	0	1,559
Total Special Revenue Funds	<u>0</u>	<u>9,662</u>
Capital Projects Fund:		
Emergency School Repair	0	7,102
Total All Funds	<u>\$16,764</u>	<u>\$16,764</u>

Due from Other Funds and Due to Other Funds at June 30, 2003, consisted of the following:

	Due to	Due from
General Fund	\$19	\$565
Special Revenue Funds:		
Public School Support	1,111	0
Title VI-B	490	0
Total Special Revenue Funds	<u>1,601</u>	<u>0</u>
Enterprise Fund:		
Food Service	0	1,055
Total All Funds	<u>\$1,620</u>	<u>\$1,620</u>

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 18- SET-ASIDE CALCULATIONS AND FUND RESERVES

The Trimble Local School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. In prior fiscal years, the School District was required to set-aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Improvements</u>
Set-Aside Reserve Balance as of as of June 30, 2002	\$52,961	(\$968,000)
Current Year Set-Aside Requirement	110,693	110,693
Current Year Offsets	0	(163,289)
Qualifying Disbursements	<u>(123,766)</u>	<u>(122,129)</u>
Totals	<u>\$39,888</u>	<u>(\$1,142,725)</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$39,888</u>	<u>(\$968,000)</u>
Set-Aside Reserve Balance as of June 30, 2003	<u>\$39,888</u>	<u>\$0</u>

The School District had qualifying disbursements during the previous and current fiscal years that reduced the capital improvements set-aside amount below zero. These extra amounts may be used to reduce the set-aside requirement in future fiscal years.

NOTE 19- SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Trimble Local School District as of and for the fiscal year ended June 30, 2003.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$100,158	\$0	\$100,158
Depreciation	13,917	0	13,917
Operating Loss	(307,540)	0	(307,540)
Donated Commodities	33,511	0	33,511
Operating Grants	232,441	0	232,441
Net Loss	(41,588)	0	(41,588)
Net Working Capital	(35,963)	305	(35,658)
Total Assets	149,655	305	149,960
Long-Term Compensated Absences Payable	9,704	0	9,704
Total Equity	76,688	305	76,993
Encumbrances	162	0	162

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 20 - JOINTLY GOVERNED ORGANIZATIONS

Southeast Ohio Voluntary Educational Consortium (SEOVEC) - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. The School District paid SEOVEC \$13,421 for services provided during the year. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

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

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid the Coalition of Rural and Appalachian Schools \$300 for services provided during the year.

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2003

NOTE 21 - INSURANCE PURCHASING POOL

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

NOTE 22 - 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, 2003.

B. Litigation

As of June 30, 2003, the School District is currently not party to any legal proceedings.

NOTE 23 - STATE SCHOOL FUNDING DECISION

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	10.550	N/A	\$	\$ 33,511	\$	\$ 33,511
School Breakfast Program	10.553	05PU-2002 05PU-2003	8,347 43,024		8,347 43,024	
Total School Breakfast Program			<u>51,371</u>	<u>0</u>	<u>51,371</u>	<u>0</u>
National School Lunch Program	10.555	LLP4-2002 LLP4-2003	26,398 140,054		26,398 140,054	
Total National School Lunch Program			<u>166,452</u>	<u>0</u>	<u>166,452</u>	<u>0</u>
Total Nutrition Cluster			<u>217,823</u>	<u>33,511</u>	<u>217,823</u>	<u>33,511</u>
Total United States Department of Agriculture			217,823	33,511	217,823	33,511
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies						
	84.010	C1S1-2001 C1S1-2002 C1S1-2003	0 66,843 325,828		9,862 134,166 288,620	
Total Title I Grants to Local Educational Agencies			<u>392,671</u>	<u>0</u>	<u>432,648</u>	<u>0</u>
Special Education Cluster:						
Special Education - Grants to States	84.027	6BSD-2003P 6BSF-2002P 6BSF-2003P	9,000 49,569 128,888		2,825 54,350 108,530	
Total Special Education - Grants to States			<u>187,457</u>	<u>0</u>	<u>165,705</u>	<u>0</u>
Special Education - Preschool Grants	84.173	PGSI-2002P PGS1-2003P	0 9,194		2,192 8,115	
Total Special Education - Preschool Grants			<u>9,194</u>	<u>0</u>	<u>10,307</u>	<u>0</u>
Total Special Education Cluster			196,651	0	176,012	0
Safe and Drug-Free Schools and Communities	84.186	DRS1-2001 DRS1-2002 DRS1-2003	1,168 12,406		2,512 2,934 6,651	
Total Safe and Drug-Free Schools and Communities			<u>13,574</u>	<u>0</u>	<u>12,097</u>	<u>0</u>
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	G2S2-2000 G2S9-2001 G2S1-2001	9,437		1,895 5,403 18,469	
Total Goals 2000 - State and Local Education Systemic Improvement Grants			<u>9,437</u>	<u>0</u>	<u>25,767</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MSS1-1999 MSS1-2001 MSS1-2002	803 0		509 2,314 6,709	
Total Eisenhower Professional Development State Grants			<u>803</u>	<u>0</u>	<u>9,532</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2SI-2003	6,212		7,771	
Education Technology State Grants	84.318	TJSI-2003	11,084		10,793	
Comprehensive School Reform Demonstration Grants	84.332	RFS1-2002	72,498		57,016	
Class Size Reduction	84.340	CRS1-2001 CRS1-2002	(980)		1,913 17,336	
Total Class Size Reduction			<u>(980)</u>	<u>0</u>	<u>19,249</u>	<u>0</u>
School Renovation, IDEA and Technology Grants	84.352A	ATS3-2002	17,382		609	
Rural Education	84.358	RUS1-2003	20,111		18,111	
Improving Teacher Quality Grants	84.367	TRS1-2003	56,468		43,687	
Total United States Department of Education			<u>795,911</u>	<u>0</u>	<u>813,292</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 1,013,734</u>	<u>\$ 33,511</u>	<u>\$ 1,031,115</u>	<u>\$ 33,511</u>

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary 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, 2003, the School District had no significant food commodities in inventory.



Auditor of State Betty Montgomery

INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated October 24, 2003, wherein we expressed substantial doubt about the School District's ability to continue as a going concern. 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 School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated October 24, 2003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated October 24, 2003.

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Trimble Local School District
Athens County
Independent Accountant's Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 24, 2003



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Trimble Local School District, Athens County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2003. The School 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 School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2003.

Internal Control Over Compliance

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

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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

October 24, 2003

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE YEAR ENDED JUNE 30, 2003**

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

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE YEAR ENDED JUNE 30, 2003**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2002-10705-001	A material noncompliance citation was issued under Ohio Revised Code Section 5705.412, for failing to issue the required "412" certificates for employees' negotiated agreements.	Yes	N/A



**Auditor of State
Betty Montgomery**

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TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 16, 2003**