

Georgetown Exempted Village School District

Brown County

Regular Audit

July 1 , 1999 Through June 30, 2000

Fiscal Year Audited Under GAGAS: 2000

**BALESTRA & COMPANY**

CERTIFIED PUBLIC ACCOUNTANTS

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**  

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Members of the Board  
Georgetown Exempted Village School District  
1043 Mt. Orab Pike  
P.O. Drawer 299  
Georgetown, OH 45121

We have reviewed the Independent Auditor's Report of the Georgetown Exempted Village School District, Brown County, prepared by Balestra & Company, for the audit period July 1, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

**JIM PETRO**  
Auditor of State

December 31, 2001

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**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT  
BROWN COUNTY**

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# BALESTRA & COMPANY

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Ohio Society of Certified Public Accountants

## Independent Auditor's Report

Members of the Board  
Georgetown Exempted Village School District  
1043 Mt. Orab Pike  
P.O. Drawer 299  
Georgetown, Ohio 45121

We have audited the accompanying general-purpose financial statements of the Georgetown Exempted Village School District, Brown County, as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Georgetown Exempted Village 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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated November 9, 2001, on our consideration of the Georgetown Exempted Village 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.

Balestra & Company  
Balestra & Company

November 9, 2001

**Georgetown Exempted Village School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$364,079	\$95,920	\$227,904	\$376,744
Receivables:				
Taxes	1,675,341	0	320,267	0
Accrued Interest	949	0	0	0
Interfund Receivable	86,074	466	0	0
Due from Other Funds	119,333	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets: Equity in				
Pooled Cash and Cash Equivalents	117,809	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for the Retirement of General Obligation Bonds	0	0	0	0
Amount Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$2,363,585</u>	<u>\$96,386</u>	<u>\$548,171</u>	<u>\$376,744</u>
<b><u>Liabilities, Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$22,085	\$271	\$0	\$10,034
Accrued Wages and Benefits	510,933	19,691	0	0
Compensated Absences Payable	71,825	0	0	0
Interfund Payable	0	84,540	0	0
Due to Other Funds	0	0	0	119,333
Intergovernmental Payable	117,810	3,244	0	0
Deferred Revenue	1,504,183	0	286,055	0
Undistributed Monies	0	0	0	22,050
Notes Payable	0	0	0	900,000
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>2,226,836</u>	<u>107,746</u>	<u>286,055</u>	<u>1,051,417</u>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	106,607	13,610	0	85,784
Reserved for Budget Stabilization	77,033	0	0	0
Reserve for Property Taxes	171,158	0	34,212	0
Reserved for School Bus Purchases	40,776	0	0	0
Unreserved:				
Undesignated (Deficit)	<u>(258,825)</u>	<u>(24,970)</u>	<u>227,904</u>	<u>(760,457)</u>
Total Fund Equity (Deficit) and Other Credits	<u>136,749</u>	<u>(11,360)</u>	<u>262,116</u>	<u>(674,673)</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$2,363,585</u>	<u>\$96,386</u>	<u>\$548,171</u>	<u>\$376,744</u>

See Accompanying Notes to the General-Purpose Financial Statements.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$117,843	\$100,194	\$0	\$0	\$1,282,684
0	0	0	0	1,995,608
0	0	0	0	949
0	0	0	0	86,540
0	0	0	0	119,333
5,132	0	0	0	5,132
0	0	0	0	117,809
58,776	0	14,277,928	0	14,336,704
0	0	0	227,904	227,904
0	0	0	420,890	420,890
<u>\$181,751</u>	<u>\$100,194</u>	<u>\$14,277,928</u>	<u>\$648,794</u>	<u>\$18,593,553</u>
\$1,710	\$0	\$0	\$0	\$34,100
17,602	0	0	0	548,226
18,346	0	0	413,138	503,309
2,000	0	0	0	86,540
0	0	0	0	119,333
14,753	0	0	55,656	191,463
4,330	0	0	0	1,794,568
0	26,088	0	0	48,138
0	0	0	0	900,000
0	0	0	180,000	180,000
<u>58,741</u>	<u>26,088</u>	<u>0</u>	<u>648,794</u>	<u>4,405,677</u>
0	0	14,277,928	0	14,277,928
1,665	0	0	0	1,665
121,345	0	0	0	121,345
0	0	0	0	206,001
0	0	0	0	77,033
0	0	0	0	205,370
0	0	0	0	40,776
0	74,106	0	0	(742,242)
<u>123,010</u>	<u>74,106</u>	<u>14,277,928</u>	<u>0</u>	<u>14,187,876</u>
<u>\$181,751</u>	<u>\$100,194</u>	<u>\$14,277,928</u>	<u>\$648,794</u>	<u>\$18,593,553</u>

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**Georgetown Exempted Village School District**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types					Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b><u>Revenues:</u></b>						
Property Taxes	\$1,511,844	\$0	\$70,834	\$226,426	\$0	\$1,809,104
Intergovernmental	3,677,574	145,906	0	72,900	0	3,896,380
Interest	95,600	0	0	0	3,984	99,584
Tuition and Fees	307,668	0	0	0	0	307,668
Extracurricular Activities	0	27,546	0	0	0	27,546
Gifts and Donations	10,912	0	0	0	2,495	13,407
Miscellaneous	146,408	1,418	0	138,441	0	286,267
<b>Total Revenues</b>	<b>5,750,006</b>	<b>174,870</b>	<b>70,834</b>	<b>437,767</b>	<b>6,479</b>	<b>6,439,956</b>
<b><u>Expenditures:</u></b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	3,648,755	52,284	0	44,409	0	3,745,448
Special	283,625	124,336	0	0	0	407,961
Vocational	111,950	0	0	0	0	111,950
Other	5,888	13,810	0	0	0	19,698
<b>Support Services:</b>						
Pupils	241,897	0	0	0	5,034	246,931
Instructional Staff	440,048	36,819	0	0	0	476,867
Board of Education	310,928	0	0	0	0	310,928
Administration	499,590	0	0	0	0	499,590
Fiscal	228,793	0	3,106	6,936	0	238,835
Operation and Maintenance of Plant	547,563	4,938	0	0	0	552,501
Pupil Transportation	454,981	0	0	0	0	454,981
Central	14,562	7,458	0	0	0	22,020
Non-Instructional Services	8,193	0	0	0	0	8,193
Extracurricular Activities	107,155	38,931	0	0	0	146,086
Capital Outlay	0	0	0	402,164	0	402,164
<b>Debt Service:</b>						
Principal Retirement	0	0	30,000	0	0	30,000
Interest and Fiscal Charges	0	0	11,865	37,800	0	49,665
<b>Total Expenditures</b>	<b>6,903,928</b>	<b>278,576</b>	<b>44,971</b>	<b>491,309</b>	<b>5,034</b>	<b>7,723,818</b>
Excess of Revenues Over (Under) Expenditures	(1,153,922)	(103,706)	25,863	(53,542)	1,445	(1,283,862)
<b><u>Other Financing Sources (Uses):</u></b>						
Operating Transfers In	0	4,258	41,865	0	0	46,123
Operating Transfers Out	(46,123)	0	0	0	0	(46,123)
<b>Total Other Financing Sources (Uses)</b>	<b>(46,123)</b>	<b>4,258</b>	<b>41,865</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,200,045)	(99,448)	67,728	(53,542)	1,445	(1,283,862)
Fund Balances (Deficits) at Beginning of Year as Restated - Note 22	1,336,794	88,088	194,388	(621,131)	72,661	1,070,800
<b>Fund Balances (Deficits) at End of Year</b>	<b>\$136,749</b>	<b>(\$11,360)</b>	<b>\$262,116</b>	<b>(\$674,673)</b>	<b>\$74,106</b>	<b>(\$213,062)</b>

See Accompanying Notes to the General-Purpose Financial Statements.

**Georgetown Exempted Village School District**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$1,470,000	\$1,595,227	\$125,227	\$0	\$0	\$0
Intergovernmental	3,992,000	3,945,075	(46,925)	144,942	145,906	964
Interest	117,000	109,346	(7,654)	0	0	0
Tuition and Fees	45,700	48,668	2,968	0	0	0
Extracurricular Activities	0	0	0	22,000	27,546	5,546
Gifts and Donations	9,500	10,912	1,412	0	0	0
Miscellaneous	106,200	113,731	7,531	1,400	1,418	18
<b>Total Revenues</b>	<b>5,740,400</b>	<b>5,822,959</b>	<b>82,559</b>	<b>168,342</b>	<b>174,870</b>	<b>6,528</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	4,209,848	3,619,609	590,239	91,548	58,096	33,452
Special	242,670	282,853	(40,183)	148,264	125,348	22,916
Vocational	104,484	113,666	(9,182)	0	0	0
Other	4,877	5,199	(322)	0	0	0
Support Services:						
Pupils	192,280	252,178	(59,898)	8,151	0	8,151
Instructional Staff	228,986	425,429	(196,443)	36,977	38,027	(1,050)
Board of Education	127,707	313,013	(185,306)	0	0	0
Administration	468,608	508,664	(40,056)	0	0	0
Fiscal	196,218	229,678	(33,460)	0	0	0
Operation and Maintenance of Plant	519,827	554,055	(34,228)	7,190	4,939	2,251
Pupil Transportation	356,838	454,492	(97,654)	0	0	0
Central	29,365	14,560	14,805	7,879	7,777	102
Non-Instructional Services	4,678	8,053	(3,375)	0	0	0
Extracurricular Activities	107,364	107,117	247	39,349	42,568	(3,219)
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>6,793,750</b>	<b>6,888,566</b>	<b>(94,816)</b>	<b>339,358</b>	<b>276,755</b>	<b>62,603</b>
Excess of Revenues Over (Under) Expenditures	(1,053,350)	(1,065,607)	(12,257)	(171,016)	(101,885)	69,131
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	59,337	84,216	24,879	67,694	68,455	761
Proceeds from Sale of Notes	0	0	0	0	0	0
Advances In	0	0	0	71,170	44,695	(26,475)
Other Financing Sources	4,000	5,298	1,298	0	0	0
Operating Transfers Out	(235,280)	(103,526)	131,754	(62,721)	(81,007)	(18,286)
Advances Out	(44,695)	(44,695)	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(216,638)</b>	<b>(58,707)</b>	<b>157,931</b>	<b>76,143</b>	<b>32,143</b>	<b>(44,000)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,269,988)	(1,124,314)	145,674	(94,873)	(69,742)	25,131
Fund Balances (Deficit) at Beginning of Year	1,447,690	1,447,690	0	150,347	150,347	0
Prior Year Encumbrances Appropriated	157,388	157,388	0	1,433	1,433	0
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$335,090</b>	<b>\$480,764</b>	<b>\$145,674</b>	<b>\$56,907</b>	<b>\$82,038</b>	<b>\$25,131</b>

See Accompanying Notes to the General-Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$82,000	\$84,451	\$2,451	\$219,500	\$226,426	\$6,926	\$0	\$0	\$0
0	0	0	72,500	72,900	400	0	0	0
0	0	0	0	0	0	0	3,984	3,984
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	2,495	2,495
0	0	0	0	0	0	0	0	0
<u>82,000</u>	<u>84,451</u>	<u>2,451</u>	<u>292,000</u>	<u>299,326</u>	<u>7,326</u>	<u>0</u>	<u>6,479</u>	<u>6,479</u>
0	0	0	60,875	50,664	10,211	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	4,059	4,033	26
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
1,902	3,106	(1,204)	5,705	6,935	(1,230)	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
0	0	0	407,646	343,088	64,558	0	0	0
30,300	30,000	300	1,213,380	1,050,000	163,380	0	0	0
13,696	11,865	1,831	50,642	37,800	12,842	0	0	0
<u>45,898</u>	<u>44,971</u>	<u>927</u>	<u>1,738,248</u>	<u>1,488,487</u>	<u>249,761</u>	<u>4,059</u>	<u>4,033</u>	<u>26</u>
36,102	39,480	3,378	(1,446,248)	(1,189,161)	257,087	(4,059)	2,446	6,505
5,500	41,865	36,365	135,000	138,441	3,441	0	0	0
0	0	0	900,000	900,000	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	(138,441)	(138,441)	(1,000)	(1,000)	0
0	0	0	0	0	0	0	0	0
<u>5,500</u>	<u>41,865</u>	<u>36,365</u>	<u>1,035,000</u>	<u>900,000</u>	<u>(135,000)</u>	<u>(1,000)</u>	<u>(1,000)</u>	<u>0</u>
41,602	81,345	39,743	(411,248)	(289,161)	122,087	(5,059)	1,446	6,505
146,558	146,558	0	433,833	433,833	0	72,663	72,663	0
0	0	0	17,086	17,086	0	0	0	0
<u>\$188,160</u>	<u>\$227,903</u>	<u>\$39,743</u>	<u>\$39,671</u>	<u>\$161,758</u>	<u>\$122,087</u>	<u>\$67,604</u>	<u>\$74,109</u>	<u>\$6,505</u>

**Georgetown Exempted Village School District**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2000**

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	Enterprise
<b><u>Operating Revenues:</u></b>	
Sales	\$206,192
Total Operating Revenue	206,192
<b><u>Operating Expenses:</u></b>	
Salaries	118,369
Fringe Benefits	80,691
Purchased Services	29,752
Materials and Supplies	8,002
Cost of Sales	109,617
Depreciation	5,914
Total Operating Expenses	352,345
Operating Loss	(146,153)
<b><u>Non-Operating Revenues :</u></b>	
Federal Donated Commodities	19,354
Interest	6,708
Federal and State Subsidies	74,094
Total Non-Operating Revenues	100,156
Net Loss	(45,997)
Retained Earnings at Beginning of Year	167,342
Retained Earnings at End of Year	121,345
Contributed Capital at Beginning and End of Year	1,665
Total Fund Equity at End of Year	\$123,010

See Accompanying Notes to the General-Purpose Financial Statements.

**Georgetown Exempted Village School District**  
**Combined Statement of Revenues, Expenses and**  
**Changes in Fund Equity - Budget and Actual (Budget Basis)**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2000**

	Enterprise		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b><u>Revenues:</u></b>			
Sales	\$202,300	\$206,192	\$3,892
Federal and State Subsidies	86,500	86,907	407
Interest	6,708	6,708	0
Total Revenues	<u>295,508</u>	<u>299,807</u>	<u>4,299</u>
<b><u>Expenses:</u></b>			
Salaries	130,771	117,635	13,136
Fringe Benefits	59,356	77,099	(17,743)
Purchased Services	16,664	18,437	(1,773)
Materials and Supplies	103,927	97,073	6,854
Capital Outlay	2,090	1,710	380
Total Expenses	<u>312,808</u>	<u>311,954</u>	<u>854</u>
Excess of Revenues Under Expenses	(17,300)	(12,147)	(5,153)
Transfers - Out	<u>(9,692)</u>	<u>(9,692)</u>	<u>0</u>
Excess of Revenues Under Expenses and Transfers	(26,992)	(21,839)	(5,153)
Fund Equity at Beginning of Year	133,513	133,513	0
Prior Year Encumbrances Appropriated	<u>3,213</u>	<u>3,213</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$109,734</u></u>	<u><u>\$114,887</u></u>	<u><u>(\$5,153)</u></u>

See Accompanying Notes to the General-Purpose Financial Statements.

**Georgetown Exempted Village School District**  
**Combined Statement of Cash Flows**  
**Proprietary Fund Type**  
**For the Fiscal Year Ended June 30, 2000**

	Enterprise
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>	
<b><u>Cash Flows from Operating Activities:</u></b>	
Cash Received from Customers	\$206,192
Cash Payments to Suppliers for Goods and Services	(125,202)
Cash Payments to Employees for Services	(117,635)
Cash Payments for Employee Benefits	(75,854)
Net Cash Used for Operating Activities	(112,499)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>	
Operating Grants Received	86,908
Net Cash Provided by Noncapital Financing Activities	86,908
<b><u>Cash Flows from Investing Activities:</u></b>	
Interest	6,708
Net Cash Provided by Investing Activities	6,708
Net Decrease in Cash and Cash Equivalents	(18,883)
Cash and Cash Equivalents at Beginning of Year	136,726
Cash and Cash Equivalents at End of Year	\$117,843
 <b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Operating Loss	(\$146,153)
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>	
Depreciation	5,914
Donated Commodities Used During Year	19,354
<b><u>Changes in Assets and Liabilities:</u></b>	
Decrease in Materials and Supplies Inventory	1,512
Increase in Accounts Payable	1,246
Decrease in Accrued Wages	(1,382)
Increase in Compensated Absences Payable	2,860
Increase in Intergovernmental Payable	4,150
Total Adjustments	33,654
Net Cash Used for Operating Activities	(\$112,499)

See Accompanying Notes to the General-Purpose Financial Statements.



Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1968 through the consolidation of existing land areas and school districts. The School District serves an area of 60 square miles. It is located in Brown County and includes all of the Village of Georgetown, Ohio, and portions of surrounding townships. The Board of Education controls the School District's two instructional support facilities staffed by 80 non-certificated and 61 teaching personnel and administrative employees providing education to 1,176 students.

*Reporting Entity:*

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

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

Entities which perform activities within the School District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the School District is not financially accountable for these entities nor are they fiscally dependent on the School District. These entities include the Boosters Club, Parent Teacher Organizations, and Alumni Associations.

The School District is associated with three organizations, one as a jointly governed organization, one as an insurance purchasing pool, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association, the Ohio School Boards Association Workers' Compensation Group Rating Plan and the Brown County Schools Benefits Consortium. These organizations are presented in Notes 16, 17 and 18 to the general-purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Georgetown Exempted Village School District have been prepared in conformity with accounting principles generally accepted in the United States of America (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.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**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 and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

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

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

**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.

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

**A. Basis Of Presentation - Fund Accounting** (Continued)

Fiduciary Fund Types:

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

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of 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 funds and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.

Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary 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 funds' operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

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

**B. Measurement Focus and Basis of Accounting** (Continued)

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

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

**Tax Budget:**

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

By no later than January 20, the Board-adopted budget is filed with the Brown 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.

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

**C. Budgetary Process** (Continued)

Estimated Resources: (Continued)

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, two supplemental appropriations were legally enacted.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. 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 the 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, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**D. Cash and Cash Equivalents** (Continued)

During fiscal year 2000, the School District's investments were limited to certificates of deposit, repurchase agreements and funds invested in the State Treasury Assets Reserve of Ohio (STAR Ohio). STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

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 2000 amounted to \$95,600. The expendable trust fund and enterprise fund received interest in the amounts of \$3,984, and \$6,708, respectively.

For purposes of the 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.

**E. Inventory**

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food and purchased food held for resale and are expensed when used.

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure is recorded in the 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. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of ten to twenty years.

**H. Intergovernmental Revenues**

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

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**H. Intergovernmental Revenues** (Continued)

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

- Entitlements
  - General Fund
    - State Foundation Program
    - State Property Tax Relief
    - School Bus Purchase Reimbursement
  - Special Revenue Funds
    - Disadvantaged Pupil Impact Aid
  
- Non-Reimbursable Grants
  - Special Revenue Funds
    - Education Management Information System
    - School Net Professional Development
    - Title VI-B
    - Title I
    - Title II
    - Title VI
    - Goals 2000 Intervention
    - Drug Free Schools
  
  - Capital Projects Funds
    - School Net
    - Technology Equity
    - Interactive Video Distance Learning
    - Emergency Building Repair Grant
  
- Reimbursable Grants
  - General Fund
    - Driver Education
  - Proprietary Funds
    - National School Lunch Program
    - Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 68.4 percent of governmental fund revenue during the 2000 fiscal year.

**I. Short-Term Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “Due from Other Funds” or “Due to Other Funds” on the balance sheet. Short-term interfund loans are classified as “interfund receivables” and “interfund payables”.

**J. Compensated Absences**

Vacation leave 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. 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.

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

**J. Compensated Absences** (Continued)

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.

For governmental funds, the School District records a liability for accumulated unused vacation leave time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

**K. Accrued Liabilities and Long-term Obligations**

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

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

**L. 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.

**M. Contributed Capital**

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

Because the School District did not prepare financial statements in accordance with accounting principles generally accepted in the United States of America prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.



Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

**N. Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, school bus purchases, and property taxes.

The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under State statute.

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to reflect statutory restrictions on their use. By statute, money must be set aside to create a budget stabilization reserve, and may also include amounts for the purchase of textbooks and instructional materials, and for the construction or acquisition of capital improvements. The balance held by the School District for school bus purchases as required by the Ohio Revised Code has also been restricted. The reserve for budget stabilization consists of a refund received in fiscal year 1998 from the Bureau of Workers' Compensation, which State statute required to be included in this reserve. See Note 20 for the calculations of the year-end restricted asset balances and the corresponding fund balance reserves.

**P. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

**A. Compliance**

The following funds appropriations in excess of expenditures plus encumbrances for the year ended June 30, 2000:

<b>General Fund</b>	\$94,816
<b>Special Revenue Fund</b>	
Athletic	3,219
<b>Capital Project Fund</b>	
Emergency Building Repair	91,716

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY** (Continued)

**B. Accountability**

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

<b>General Fund</b>	\$34,409
<b>Special Revenue Fund</b>	
Title I	85,685
<b>Capital Projects Funds</b>	
Building	658,677
Emergency Building Repair	119,333
<b>Enterprise Fund</b>	
Uniform School Supplies	2,000

The deficit in the all of the above listed fund with exception of the Emergency Building Repair Fund does not exist on the cash basis and is the result of applying accounting principles generally accepted in the United States of America and the requirement to accrue liabilities when incurred. The General Fund is liable for any deficits in this fund and provides operating transfers when cash is required, not when accruals occur. The Emergency Building Repair Fund had a deficit balance on both the cash and the GAAP basis and is the result of overspending available resources.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of accounting principles generally accepted in the United States of America (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 Expendable Trust Fund and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis)-Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

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 and Expendable Trust Fund					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$1,200,045)	(\$99,448)	\$67,728	(\$53,542)	\$1,445
Adjustments:					
Revenue Accruals	162,467	64,197	13,617	0	0
Debt Proceeds	0	0	0	900,000	0
Expenditure Accruals	78,415	(65,305)	0	(1,039,965)	1
Advances	(44,695)	44,695	0	0	0
Encumbrances	(120,456)	(13,881)	0	(95,654)	0
Budget Basis	(\$1,124,314)	(\$69,742)	\$81,345	(\$289,161)	\$1,446

Net Loss/Excess of Revenues  
Under Expenses  
Proprietary Fund Type

	Enterprise
GAAP Basis	(\$45,997)
Adjustments:	
Revenue Accruals	(6,541)
Expense Accruals	33,654
Encumbrances	(2,955)
Budget Basis	(\$21,839)

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by the 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 (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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 the 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*.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 5 - DEPOSITS AND INVESTMENTS** (Continued)

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$761,597 and the bank balance was \$835,895. Of the bank balance:

1. \$249,884 was covered by federal depository insurance; and
2. \$586,011 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the 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.

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 fiscal yearend. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. The School District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
STAR Ohio	\$0	\$601,553	\$601,553
Repurchase Agreements	37,343	37,343	37,343
<b>Total</b>	<b>\$37,343</b>	<b>\$638,896</b>	<b>\$638,896</b>

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 classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
<i>GASB Statement No. 9</i>	\$1,400,493	\$0
Investments:		
STAR Ohio	(601,553)	601,553
Repurchase Agreements	(37,343)	37,343
<i>GASB Statement No. 3</i>	<u>\$761,597</u>	<u>\$638,896</u>

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 6 - 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 located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2000 real property taxes are collected in and intended to finance fiscal year 2001. Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$58,372,230	81.31%	\$60,769,990	81.02%
Public Utility	7,754,670	10.80%	7,738,060	10.32%
Tangible Personal Property	5,665,380	7.89%	6,500,615	8.66%
Total Assessed Value	<u>\$71,792,280</u>	<u>100.00%</u>	<u>\$75,008,665</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.80		\$34.40	

Manufactured Home Tax, commonly referred to as House Trailer Tax, is based on the purchase price obtained from the title: (1) ninety-five percent unfurnished or (2) eighty percent furnished with a five percent drop each year.

The School District receives property taxes from Brown 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, 2000 are available to finance fiscal year 2000 operations. The amount to be advanced can vary based on the date the tax bills are sent.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$171,158 in the General Fund, \$29,935 in the Debt Service Fund, and \$4,726 in the Building Capital Project Fund.

**NOTE 7 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$232,185
Less Accumulated Depreciation	<u>(173,409)</u>
Net Fixed Assets	<u><u>\$58,776</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$534,263	\$0	\$0	\$534,263
Buildings and Improvements	8,953,627	317,418	0	9,271,045
Furniture, Fixtures, and Equipment	3,338,591	435,024	21,590	3,752,025
Vehicles	<u>699,565</u>	<u>24,030</u>	<u>3,000</u>	<u>720,595</u>
Totals	<u><u>\$13,526,046</u></u>	<u><u>\$776,472</u></u>	<u><u>\$24,590</u></u>	<u><u>\$14,277,928</u></u>

**NOTE 8 - 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. For the fiscal year 2000, the School District contracted with Indiana Insurance Company for property insurance. There is a \$250 deductible with a one hundred percent blanket, all risk policy. Indiana Insurance Company covers the boiler and machinery with a \$250 deductible and a \$13,408,401 limit.

Professional liability is protected by The Nationwide Insurance Company with a \$2,000,000 single occurrence limit and a \$5,000,000 aggregate and no deductible. Vehicles are covered by the Indiana Insurance Company and hold a \$100 deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There have been no significant reductions in insurance coverage from last fiscal year.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 8 - RISK MANAGEMENT (Continued)**

**B. Worker's Compensation**

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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.

**C. Employee Medical Benefits**

The School District participates in the Brown County Schools Benefits Consortium (the Consortium), a public entity shared risk pool (Note 18) consisting of seven districts. The School District is responsible for providing a current listing of enrolled employees and for providing timely pro-rata payments of premiums to the Consortium for employee health coverage and benefits. The Consortium is responsible for the management and operations of the program. Upon termination from the Consortium, for any reason, the terminated member shall assume and be responsible for the payment of any delinquent contributions and all claims of its employees from the date of termination, regardless of the date such claims were incurred.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

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% of annual covered payroll. For fiscal year 1999, 9.02 percent was 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 to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$97,799, \$67,271, and \$59,396, respectively; equal to the required contribution for each year.

**B. State Teachers Retirement System**

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple-employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.



Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 9 - DEFINED BENEFIT PENSION PLANS** (Continued)

**B. State Teachers Retirement System** (Continued)

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1999, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$275,143, \$166,351, and \$265,680, respectively; equal to required contribution for each year.

**NOTE 10 - 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-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1999. For the School District, this amount equaled \$366,857 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, the balance in the Fund was \$3,419 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$80,017.

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 for the fiscal year ended June 30, 2000 (the latest information available), were \$140,699,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 11 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five 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. Sick leave may be accumulated up to a maximum of 200 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for classified and certified employees.

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource. The School District has elected to provide employee medical/surgical benefits through the Brown County Benefits Consortium in which Anthem Blue Cross/Blue Shield is the administrator. Dental Insurance is provided by the School District to all employees through CoreSource.

**C. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

For fiscal year 2000, the School District implemented GASB Statement No. 32, *Deferred Compensation Plans*. This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet.

**NOTE 12 - SHORT-TERM OBLIGATIONS**

During fiscal year 2000, the School District issued a one year \$900,000 bond anticipation note for the purpose of implementing energy conservation measures at various School District buildings. This note will be repaid with tax revenue. This note is backed by the full faith and credit of the School District. The note liability is reflected in the permanent improvements capital projects fund, which received the proceeds.

The School District's note activity, including amounts outstanding and interest rates follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
School Improvement Tax Anticipation Note - 4.24%	\$0	\$900,000	\$0	\$900,000
School Improvement Tax Anticipation Note - 3.60%	1,050,000	0	1,050,000	0
<b>Total Short-Term Obligations</b>	<b>\$1,050,000</b>	<b>\$900,000</b>	<b>\$1,050,000</b>	<b>\$900,000</b>

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Energy Conservation Bonds - 1996 5.65%	\$210,000	\$0	\$30,000	\$180,000
Pension Obligations	8,395	55,656	8,395	55,656
Compensated Absences	397,484	15,654	0	413,138
Total General Long-Term Obligations	\$615,879	\$71,310	\$38,395	\$648,794

***House Bill 464 Energy Bond***

On June 1, 1996, the Georgetown Exempted Village School District issued \$300,000 in voted general obligation bonds for the purpose of implementing energy conservation measures at various School District buildings. The bonds were issued for a 10 year period with a final maturity date of June 1, 2006.

***School Facilities Loan Payable***

On December 1, 1985, the School District incurred a \$8,050,000 obligation with the State of Ohio for the purpose of acquiring and improving the facilities for the School District, under the authority of Ohio Revised Code Section 3318.08. The obligation was for a 23 year period with final maturity during fiscal year 2008.

On October 7, 1997, the District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remaining \$3,252,649 classroom facilities loan to the State because the District's adjusted valuation per pupil (currently 476 out of 611 schools) was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution.

All general obligation debt is supported by the full faith and credit of the School District. Compensated absences and intergovernmental payables will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$6,750,780 with an unvoted debt margin of \$75,009 at June 30, 2000.

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 13 - LONG-TERM OBLIGATIONS** (Continued)

Principal and interest requirements to retire general obligation debt at June 30, 2000 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$30,000	\$10,170	\$40,170
2002	30,000	8,475	38,475
2003	30,000	6,780	36,780
2004	30,000	5,085	35,085
Thereafter	60,000	5,085	65,085
Total	<u>\$180,000</u>	<u>\$35,595</u>	<u>\$215,595</u>

**NOTE 14 - INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable	Payable
<b>General Fund</b>	\$86,074	\$0
<b>Special Revenue Funds :</b>		
Title VI	466	0
Title VI-B	0	16,168
Title I	0	68,372
<b>Total Special Revenue</b>	<u>466</u>	<u>84,540</u>
<b>Enterprise Fund</b>		
Uniform School Supplies	0	2,000
<b>Total All Funds</b>	<u>\$86,540</u>	<u>\$86,540</u>
	<b>Due From</b>	<b>Due To</b>
<b>General Fund</b>	\$119,333	0
<b>Capital Project Funds</b>		
Emergency Building Repair	0	119,333
<b>Total All Funds</b>	<u>\$119,333</u>	<u>\$119,333</u>

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 15 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service sales and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Georgetown Exempted Village School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform School Supplies	Total Enterprise Funds
Operating Revenues	\$203,840	\$2,352	\$206,192
Operating Expenses less Depreciation	336,739	9,692	346,431
Depreciation Expense	5,914	0	5,914
Operating Income (Loss)	(138,813)	(7,340)	(146,153)
Donated Commodities	19,354	0	19,354
Federal and State Subsidies	74,094	0	74,094
Net Income (Loss)	(38,657)	(7,340)	(45,997)
Net Working Capital	66,234	(2,000)	64,234
Total Assets	181,751	0	181,751
Total Equity	125,010	(2,000)	123,010
Encumbrances Outstanding at June 30, 2000	2,955	0	2,955

**NOTE 16 - JOINTLY GOVERNED ORGANIZATION**

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the eight participating counties, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$2,438 for services provided during the year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

**NOTE 17 - INSURANCE PURCHASING POOL**

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Plan (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 18 - PUBLIC ENTITY SHARED RISK POOL**

The Brown County Schools Benefits Consortium, a public entity shared risk pool currently operates to provide health insurance coverage to enrolled employees of the consortium members and to eligible dependents of those enrolled employees. Six Brown County school districts (Eastern Brown, Fayetteville, Georgetown, Ripley Union Lewis Huntington, Southern Hills Joint Vocational and Western Brown Schools) have entered into an agreement with the Brown County Educational Service Center to form the Brown County Schools Benefits Consortium. The overall objectives of the consortium are to formulate and administer a program of health insurance for the benefit of the consortium members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The School District pays premiums based on what the consortium estimates will cover the costs of all claims for which the consortium is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The consortium views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information write to the Brown County Educational Service Center at 325 West State St., Georgetown, Ohio 45121.

**NOTE 19 - STATE SCHOOL FUNDING DECISION**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of October 9, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior year. This amount is to be included in the budget stabilization reserve. The School District also receives monies designated for school bus purchases. This amount is shown as a reserve for school bus purchases.

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

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

**A. TEXTBOOKS AND INSTRUCTIONAL MATERIALS**

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$139,585	
Qualifying expenditures made during the year	(228,327)	
Amount of offsets for the year	0	
Total		(88,742)
		(88,742)
Balance of set-aside to be carried forward to next year's calculation		(88,742)
		(88,742)
Set-aside reserve balance as of June 30, 2000		\$0
		\$0

**B. CAPITAL IMPROVEMENTS**

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$139,585	
Qualifying expenditures made during the year	(243,513)	
Amount of offsets for the year	0	
Total		(103,928)
		(103,928)
Balance of set-aside to be carried forward to next year's calculation		\$(103,928)
		\$(103,928)
Set-aside reserve balance as of June 30, 2000		\$0
		\$0

**C. BUDGET STABILIZATION**

Set-aside balance carried forward from the prior year (Workers' Compensation refund)		\$24,696
Current year set-aside requirement	\$52,337	
Workers' Compensation refund received during the year	0	
Total		52,337
		52,337
Balance of set-aside to be carried forward to next year		\$77,033
		\$77,033
Set-aside reserve balance as of June 30, 2000		\$77,033
		\$77,033

**D. SCHOOL BUS PURCHASES**

Balance carried forward from the prior year		\$40,776
Current year amount received	0	
Qualifying expenditures made during the year	0	
Total		40,776
		40,776
Balance to be carried forward to next year		\$40,776
		\$40,776
Set-aside reserve balance as of June 30, 2000		\$40,776
		\$40,776

Georgetown Exempted Village School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2000

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**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (Continued)

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Capital Acquisition Reserves. These extra amounts may be carried forward and used to reduce set-aside requirements of future years.

**NOTE 21 - CONTINGENCIES**

**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, 2000.

**Litigation:**

There are currently no matters in litigation with the School District as a defendant.

**NOTE 22 - RESTATEMENT OF FUND BALANCES**

**Restated Fund Balance** Correction of accounting errors in the prior year required that certain adjustments be recorded to the July 1, 1999 fund balances as previously reported. The restatements to the opening fund balances are as follows:

Fund Type	Previously Stated Balances at 06/30/99	Adjustments	Restated Balance at 07/01/99
Debt Service Fund	\$329,361	\$(134,973)	\$194,388
Capital Project Funds	(756,104)	134,973	(621,131)



# BALESTRA & COMPANY

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## **Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards***

Members of the Board  
Georgetown Exempted Village School District  
1043 Mt. Orab Pike  
P.O. Drawer 299  
Georgetown, Ohio 45121

We have audited the general-purpose financial statements of Georgetown Exempted Village School District, as of and for the year ended June 30, 2000, and have issued our report thereon dated November 9, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether Georgetown Exempted Village School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance, which we have reported to the management of Georgetown Exempted Village School District in a separate letter dated November 9, 2001.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Georgetown Exempted Village 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 the financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to the management of Georgetown Exempted Village School District in a separate letter dated November 9, 2001.

This report is intended solely for the information and use of the audit committee, management, and members of the Board and is not intended to be and should not be used by anyone other than these specified parties.

*Balestra & Company*

Balestra & Company

November 9, 2001





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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800-282-0370  
Facsimile 614-466-4490

**GEORGETOWN EXEMPTED VILLAGE SCHOOL DISTRICT**

**BROWN COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 22, 2002**