



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**REGULAR AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Carey Exempted Village School District  
Wanted County  
357 East South Street  
Carey, Ohio 43316

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Carey Exempted Village School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

As discussed in Notes 3 and 4, during the year ended June 30, 2001, the District adopted Governmental Accounting Board Statement No. 33 and Statement No. 36 and increased its threshold amount for capitalizing fixed assets.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 6, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

**JIM PETRO**  
Auditor of State of Ohio

November 6, 2001

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Carey Exempted Village School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001

	Governmental Fund Types				Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Assets and Other Debits:</u>									
<u>Assets:</u>									
Equity in Pooled Cash and Cash Equivalents	\$1,204,314	\$141,218	\$0	\$221,195	\$60,147	\$61,091	\$0	\$0	\$1,687,965
Cash and Cash Equivalents with Fiscal Agent	0	681	0	0	0	0	0	0	681
Receivables:									
Property Taxes	2,083,349	0	163,476	126,763	0	0	0	0	2,373,588
Accounts	2,776	0	0	0	11,066	0	0	0	13,842
Intergovernmental	5,103	0	0	1,756	5,454	0	0	0	12,313
Accrued Interest	1,043	0	0	0	0	0	0	0	1,043
Interfund	3,016	0	0	0	0	0	0	0	3,016
Prepaid Items	44,224	1,418	0	0	2,003	0	0	0	47,645
Inventory Held for Resale	0	0	0	0	40,750	0	0	0	40,750
Materials and Supplies Inventory	40,162	0	0	0	1,154	0	0	0	41,316
Restricted Assets:									
Equity in Pooled Cash and Cash Equivalents	65,882	0	0	0	0	0	0	0	65,882
Advances to Other Funds	103,561	0	0	0	0	0	0	0	103,561
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0	0	21,701	0	5,542,801	0	5,564,502
<u>Other Debits:</u>									
Amount Available in Debt Service Fund for Retirement of General Obligation Debt	0	0	0	0	0	0	0	65,032	65,032
Amount to be Provided from General Governmental Resources	0	0	0	0	0	0	0	799,442	799,442
Total Assets and Other Debits	<u>\$3,553,430</u>	<u>\$143,317</u>	<u>\$163,476</u>	<u>\$349,714</u>	<u>\$142,275</u>	<u>\$61,091</u>	<u>\$5,542,801</u>	<u>\$864,474</u>	<u>\$10,820,578</u>

(continued)

Carey Exempted Village School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2001  
 (continued)

	Governmental Fund Types				Proprietary	Fiduciary	Account Groups		Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
<u>Liabilities, Fund Equity, and Other Credits:</u>									
<u>Liabilities:</u>									
Accounts Payable	\$6,142	\$2,068	\$0	\$0	\$449	\$0	\$0	\$0	\$8,659
Accrued Wages and Benefits	456,617	21,586	0	0	12,449	0	0	0	490,652
Compensated Absences Payable	8,674	0	0	0	3,749	0	0	452,558	464,981
Intergovernmental Payable	114,562	11,171	0	0	17,298	0	0	50,261	193,292
Accrued Interest Payable	0	0	0	375	0	0	0	0	375
Interfund Payable	0	0	0	3,016	0	0	0	0	3,016
Deferred Revenue	1,595,364	0	98,444	103,268	3,749	0	0	0	1,800,825
Due to Students	0	0	0	0	0	54,161	0	0	54,161
Notes Payable	0	0	0	92,835	0	0	0	0	92,835
Advances from Other Funds	0	0	0	103,561	0	0	0	0	103,561
Capital Leases Payable	0	0	0	0	0	0	0	6,655	6,655
Energy Conservation Loan Payable	0	0	0	0	0	0	0	355,000	355,000
Total Liabilities	<u>2,181,359</u>	<u>34,825</u>	<u>98,444</u>	<u>303,055</u>	<u>37,694</u>	<u>54,161</u>	<u>0</u>	<u>864,474</u>	<u>3,574,012</u>
<u>Fund Equity and Other Credits:</u>									
Investment in General Fixed Assets	0	0	0	0	0	0	5,542,801	0	5,542,801
Retained Earnings:									
Unreserved	0	0	0	0	104,581	0	0	0	104,581
Fund Balance:									
Reserved for Property Taxes	488,084	0	65,032	25,251	0	0	0	0	578,367
Reserved for Inventory	40,162	0	0	0	0	0	0	0	40,162
Reserved for Textbooks	37,694	0	0	0	0	0	0	0	37,694
Reserved for Budget Stabilization	27,576	0	0	0	0	0	0	0	27,576
Reserved for Bus Purchase	612	0	0	0	0	0	0	0	612
Reserved for Advances	103,561	0	0	0	0	0	0	0	103,561
Reserved for Encumbrances	77,959	26,637	0	20,415	0	0	0	0	125,011
Designated for Textbooks	14,332	0	0	0	0	0	0	0	14,332
Designated for Capital Improvements	35,669	0	0	0	0	0	0	0	35,669
Unreserved, Undesignated	<u>546,422</u>	<u>81,855</u>	<u>0</u>	<u>993</u>	<u>0</u>	<u>6,930</u>	<u>0</u>	<u>0</u>	<u>636,200</u>
Total Fund Equity and Other Credits	<u>1,372,071</u>	<u>108,492</u>	<u>65,032</u>	<u>46,659</u>	<u>104,581</u>	<u>6,930</u>	<u>5,542,801</u>	<u>0</u>	<u>7,246,566</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$3,553,430</u>	<u>\$143,317</u>	<u>\$163,476</u>	<u>\$349,714</u>	<u>\$142,275</u>	<u>\$61,091</u>	<u>\$5,542,801</u>	<u>\$864,474</u>	<u>\$10,820,578</u>

See Accompanying Notes to the General Purpose Financial Statements



Carey 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, 2001

	Governmental Fund Types			Fiduciary	Totals	
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
<b>Revenues:</b>						
Property Taxes	\$2,395,417	\$0	\$112,967	\$238,416	\$0	\$2,746,800
Intergovernmental	3,204,244	363,906	0	31,197	0	3,599,347
Interest	99,699	737	0	0	195	100,631
Tuition and Fees	113,892	0	0	0	0	113,892
Extracurricular Activities	0	92,981	0	0	0	92,981
Miscellaneous	76,496	0	0	0	0	76,496
<b>Total Revenues</b>	<b>5,889,748</b>	<b>457,624</b>	<b>112,967</b>	<b>269,613</b>	<b>195</b>	<b>6,730,147</b>
<b>Expenditures:</b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	2,381,968	32,487	0	19,509	2,500	2,436,464
Special	495,457	128,740	0	0	0	624,197
Vocational	249,116	2,000	0	0	0	251,116
Other	174,078	254	0	0	0	174,332
<b>Support Services:</b>						
Pupils	275,643	27,793	0	0	0	303,436
Instructional Staff	242,509	38,978	0	4,605	0	286,092
Board of Education	31,834	0	0	0	0	31,834
Administration	450,580	8,975	0	0	0	459,555
Fiscal	218,056	0	0	7,486	0	225,542
Operation and Maintenance of Plant	367,933	0	0	1,952	0	369,885
Pupil Transportation	193,340	8,260	0	0	0	201,600
Central	42,742	0	0	0	0	42,742
Non-Instructional Services	0	92,229	0	0	0	92,229
Extracurricular Activities	209,399	91,704	0	0	0	301,103
Capital Outlay	5,400	0	0	14,528	0	19,928
<b>Debt Service:</b>						
Principal Retirement	5,989	0	45,000	0	0	50,989
Interest and Fiscal Charges	1,405	0	20,863	6,398	0	28,666
<b>Total Expenditures</b>	<b>5,345,449</b>	<b>431,420</b>	<b>65,863</b>	<b>54,478</b>	<b>2,500</b>	<b>5,899,710</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>544,299</b>	<b>26,204</b>	<b>47,104</b>	<b>215,135</b>	<b>(2,305)</b>	<b>830,437</b>
<b>Other Financing Sources (Uses):</b>						
Operating Transfers In	0	1,141	0	0	0	1,141
Operating Transfers Out	(4,141)	0	0	0	0	(4,141)
<b>Total Other Financing Sources (Uses)</b>	<b>(4,141)</b>	<b>1,141</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(3,000)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>540,158</b>	<b>27,345</b>	<b>47,104</b>	<b>215,135</b>	<b>(2,305)</b>	<b>827,437</b>
<b>Fund Balances (Deficit)</b>						
at Beginning of Year - Restated Note 4	827,134	81,147	17,928	(168,476)	9,235	766,968
Increase in Reserve for Inventory	4,779	0	0	0	0	4,779
<b>Fund Balances at End of Year</b>	<b>\$1,372,071</b>	<b>\$108,492</b>	<b>\$65,032</b>	<b>\$46,659</b>	<b>\$6,930</b>	<b>\$1,599,184</b>

See Accompanying Notes to the General Purpose Financial Statements

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Carey Exempted Village School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$1,994,137	\$2,038,133	\$43,996	\$0	\$0	\$0
Intergovernmental	3,036,909	3,204,644	167,735	333,361	365,373	32,012
Interest	96,429	98,397	1,968	737	737	0
Tuition and Fees	111,698	113,979	2,281	0	0	0
Extracurricular Activities	0	0	0	81,999	92,981	10,982
Miscellaneous	60,000	62,204	2,204	0	0	0
Total Revenues	<u>5,299,173</u>	<u>5,517,357</u>	<u>218,184</u>	<u>416,097</u>	<u>459,091</u>	<u>42,994</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	2,447,234	2,415,190	32,044	47,353	35,505	11,848
Special	502,090	496,211	5,879	121,713	132,513	(10,800)
Vocational	252,455	247,101	5,354	2,000	2,000	0
Other	175,374	174,332	1,042	341	341	0
Support Services:						
Pupils	297,968	293,094	4,874	27,935	27,764	171
Instructional Staff	243,162	237,275	5,887	86,270	36,605	49,665
Board of Education	32,341	30,489	1,852	0	0	0
Administration	464,782	457,591	7,191	8,555	8,555	0
Fiscal	221,749	220,788	961	0	0	0
Operation and Maintenance of Plant	404,693	385,571	19,122	0	0	0
Pupil Transportation	260,418	248,256	12,162	7,700	7,700	0
Central	42,375	39,705	2,670	0	0	0
Non-Instructional Services	0	0	0	101,720	101,720	0
Extracurricular Activities	207,564	204,176	3,388	109,181	104,595	4,586
Capital Outlay	11,892	5,400	6,492	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>5,564,097</u>	<u>5,455,179</u>	<u>108,918</u>	<u>512,768</u>	<u>457,298</u>	<u>55,470</u>
Excess of Revenues Over (Under) Expenditures	<u>(264,924)</u>	<u>62,178</u>	<u>327,102</u>	<u>(96,671)</u>	<u>1,793</u>	<u>98,464</u>
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Year Expenditures	0	5,686	5,686	0	0	0
Refund of Prior Year Receipts	(1,800)	(45)	1,755	0	0	0
Other Financing Sources	0	908	908	0	0	0
Advances In	28,478	28,478	0	28,478	28,478	0
Advances Out	(28,478)	(28,478)	0	(28,478)	(28,478)	0
Operating Transfers In	0	0	0	1,141	1,141	0
Operating Transfers Out	0	(4,141)	(4,141)	0	0	0
Total Other Financing Sources (Uses)	<u>(1,800)</u>	<u>2,408</u>	<u>4,208</u>	<u>1,141</u>	<u>1,141</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(266,724)</u>	<u>64,586</u>	<u>331,310</u>	<u>(95,530)</u>	<u>2,934</u>	<u>98,464</u>
Fund Balances at Beginning of Year	914,638	914,638	0	79,051	79,051	0
Prior Year Encumbrances Appropriated	160,361	160,361	0	23,591	23,591	0
Fund Balances at End of Year	<u>\$808,275</u>	<u>\$1,139,585</u>	<u>\$331,310</u>	<u>\$7,112</u>	<u>\$105,576</u>	<u>\$98,464</u>

(continued)

Carey Exempted Village School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001  
 (continued)

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$157,853	\$157,853	\$0	\$125,000	\$131,241	\$6,241
Intergovernmental	0	0	0	27,806	31,197	3,391
Interest	0	0	0	0	0	0
Tuition and Fees	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Total Revenues	<u>157,853</u>	<u>157,853</u>	<u>0</u>	<u>152,806</u>	<u>162,438</u>	<u>9,632</u>
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	0	0	0	20,903	20,903	0
Special	0	0	0	0	0	0
Vocational	0	0	0	0	0	0
Other	0	0	0	0	0	0
Support Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	36,605	36,605	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal	0	0	0	7,486	7,486	0
Operation and Maintenance of Plant	0	0	0	24,824	24,824	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Non-Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	9,071	9,071	0
Debt Service:						
Principal Retirement	130,000	130,000	0	0	0	0
Interest and Fiscal Charges	27,853	27,853	0	0	0	0
Total Expenditures	<u>157,853</u>	<u>157,853</u>	<u>0</u>	<u>98,889</u>	<u>98,889</u>	<u>0</u>
Excess of Revenues Over (Under) Expenditures	<u>0</u>	<u>0</u>	<u>0</u>	<u>53,917</u>	<u>63,549</u>	<u>9,632</u>
<u>Other Financing Sources (Uses):</u>						
Refund of Prior Year Expenditures	0	0	0	0	0	0
Refund of Prior Year Receipts	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Advances In	0	0	0	0	0	0
Advances Out	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	0	0	0	(21,365)	0	21,365
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>(21,365)</u>	<u>0</u>	<u>21,365</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	32,552	63,549	30,997
Fund Balances at Beginning of Year	0	0	0	79,782	79,782	0
Prior Year Encumbrances Appropriated	0	0	0	57,449	57,449	0
Fund Balances at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$169,783</u>	<u>\$200,780</u>	<u>\$30,997</u>

See Accompanying Notes to the General Purpose Financial Statements

Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,276,990	\$2,327,227	\$50,237
0	0	0	3,398,076	3,601,214	203,138
0	195	195	97,166	99,329	2,163
0	0	0	111,698	113,979	2,281
0	0	0	81,999	92,981	10,982
0	0	0	60,000	62,204	2,204
0	195	195	6,025,929	6,296,934	271,005
5,000	2,500	2,500	2,520,490	2,474,098	46,392
0	0	0	623,803	628,724	(4,921)
0	0	0	254,455	249,101	5,354
0	0	0	175,715	174,673	1,042
0	0	0	325,903	320,858	5,045
0	0	0	366,037	310,485	55,552
0	0	0	32,341	30,489	1,852
0	0	0	473,337	466,146	7,191
0	0	0	229,235	228,274	961
0	0	0	429,517	410,395	19,122
0	0	0	268,118	255,956	12,162
0	0	0	42,375	39,705	2,670
0	0	0	101,720	101,720	0
0	0	0	316,745	308,771	7,974
0	0	0	20,963	14,471	6,492
0	0	0	130,000	130,000	0
0	0	0	27,853	27,853	0
5,000	2,500	2,500	6,338,607	6,171,719	166,888
(5,000)	(2,305)	2,695	(312,678)	125,215	437,893
0	0	0	0	5,686	5,686
0	0	0	(1,800)	(45)	1,755
0	0	0	0	908	908
0	0	0	56,956	56,956	0
0	0	0	(56,956)	(56,956)	0
0	0	0	1,141	1,141	0
0	0	0	(21,365)	(4,141)	17,224
0	0	0	(22,024)	3,549	25,573
(5,000)	(2,305)	2,695	(334,702)	128,764	463,466
9,235	9,235	0	1,082,706	1,082,706	0
0	0	0	241,401	241,401	0
\$4,235	\$6,930	\$2,695	\$989,405	\$1,452,871	\$463,466

Carey Exempted Village School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Retained Earnings  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

<u>Operating Revenues:</u>	
Sales	<u>\$220,246</u>
 <u>Operating Expenses:</u>	
Salaries	69,817
Fringe Benefits	44,416
Purchased Services	5,412
Materials and Supplies	7,475
Cost of Sales	147,287
Depreciation	1,530
Other Operating Expenses	<u>589</u>
Total Operating Expenses	<u>276,526</u>
 Operating Loss	 <u>(56,280)</u>
 <u>Non-Operating Revenues:</u>	
Federal Donated Commodities	13,313
Operating Grants	47,425
Interest	<u>1,382</u>
Total Non-Operating Revenues	<u>62,120</u>
 Income Before Operating Transfers	 5,840
 Operating Transfers In	 <u>3,000</u>
 Net Income	 8,840
 Retained Earnings at Beginning of Year - Restated Note 4	 <u>95,741</u>
Retained Earnings at End of Year	<u><u>\$104,581</u></u>

See Accompanying Notes to the General Purpose Financial Statements

Carey Exempted Village School District  
 Combined Statement of Revenues, Expenses,  
 and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$210,000	\$216,846	\$6,846
Operating Grants	45,000	47,017	2,017
Interest	1,000	1,382	382
Total Revenues	<u>256,000</u>	<u>265,245</u>	<u>9,245</u>
<u>Expenses:</u>			
Salaries	68,092	68,092	0
Fringe Benefits	37,176	37,176	0
Purchased Services	5,931	5,931	0
Materials and Supplies	168,086	155,646	12,440
Capital Outlay	554	554	0
Other Expenses	578	578	0
Total Expenses	<u>280,417</u>	<u>267,977</u>	<u>12,440</u>
Excess of Revenues Over (Under) Expenses	(24,417)	(2,732)	21,685
Operating Transfers In	<u>3,000</u>	<u>3,000</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses and Transfers	(21,417)	268	21,685
Fund Balances at Beginning of Year	46,469	46,469	0
Prior Year Encumbrances Appropriated	9,687	9,687	0
Fund Balances at End of Year	<u>\$34,739</u>	<u>\$56,424</u>	<u>\$21,685</u>

See Accompanying Notes to the General Purpose Financial Statements

Carey Exempted Village School District  
 Combined Statement of Cash Flows  
 Enterprise Funds  
 For the Fiscal Year Ended June 30, 2001

<u>Increase (Decrease) in Cash and Cash Equivalents</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$216,846
Cash Payments for Salaries	(68,092)
Cash Payments for Fringe Benefits	(37,176)
Cash Payments for Goods and Services	(158,408)
Cash Payments for Other Expenses	(578)
Net Cash Used for Operating Activities	<u>(47,408)</u>
 <u>Cash Flows from Noncapital Financing Activities:</u>	
Cash Received from Operating Grants	47,017
Cash Received from Operating Transfers In	3,000
Net Cash Provided by Noncapital Financing Activities	<u>50,017</u>
 <u>Cash Flows from Investing Activities:</u>	
Cash Received from Interest	<u>1,382</u>
 Net Increase in Cash and Cash Equivalents	 3,991
Cash and Cash Equivalents at Beginning of Year	<u>56,156</u>
Cash and Cash Equivalents at End of Year	<u><u>\$60,147</u></u>
 Reconciliation of Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Operating Loss	(\$56,280)
 Adjustments to Reconcile Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Depreciation	1,530
Donated Commodities Used During Year	13,313
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(3,400)
Increase in Prepaid Items	(211)
Increase in Inventory Held for Resale	(11,061)
Increase in Materials and Supplies Inventory	(117)
Decrease in Accounts Payable	(369)
Increase in Accrued Wages and Benefits	2,109
Increase in Compensated Absences Payable	60
Increase in Intergovernmental Payable	7,018
Net Cash Used for Operating Activities	<u><u>(\$47,408)</u></u>

See Accompanying Notes to the General Purpose Financial Statements



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Carey 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. The School District serves an area of approximately sixty-four square miles. It is located in Wyandot and Seneca Counties. The School District is the 517<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by forty-one classified employees, seventy-one certified teaching personnel, and five administrative employees who provide services to eight hundred eighty-six students and other community members. The School District currently operates one building which serves grades K through 12.

**Reporting Entity**

A reporting entity is composed of the primary government, component units, and other organizations that are included to insure 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 Carey Exempted Village School District, this includes general operations, food service, preschool, and student related activities of the School District.

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

The School District is associated with four jointly governed organizations, two insurance pools, and a related organization. These organizations are the Tri-Rivers Educational Computer Association, North Central Ohio Special Regional Resource Center, Northwestern Ohio Educational Resource Council, Inc., North Central Regional Professional Development Center, Ohio School Boards Association Workers' Compensation Group Rating Plan, Wyandot-Crawford Health Benefit Plan, and the Dorcas Carey Library. Information about these organizations is presented in Notes 21, 22, and 23 to the combined financial statements.

The School District's reporting entity includes the following:

Our Lady of Consolation - Within the School District's boundaries, Our Lady of Consolation is operated as a private Catholic school. Current State legislation provides funding to the parochial school. The monies are received and disbursed on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial school. The financial activity is reflected in a special revenue fund of the School District.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**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 of governmental, proprietary, and fiduciary.

**Governmental Fund Types**

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

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

**Special Revenue Funds** - Special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects or expendable trusts) 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.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**Governmental Fund Types (Continued)**

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

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

**Fiduciary Fund Types**

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. For the School District, 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, except those accounted for in proprietary funds or trust funds.

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting**

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

The enterprise funds are accounted for using 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. Operating statements of these funds present increases (e.g., revenues) and decreases (e.g., 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 fund types, expendable trust and agency funds. The full accrual basis of accounting is followed for the enterprise funds.

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

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

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, are recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue. On a modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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

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

**C. Budgetary Process**

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the function level within the General Fund and fund level for all other funds. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the object level in the General Fund, and the function and object level within all other funds are made by the School District Treasurer.

The Early Childhood Preschool special revenue fund is a flow through grant in which the North Central Ohio Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

**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 Wyandot County Budget Commission for rate determination.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**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 fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 2001.

**Appropriations**

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

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

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, except agency funds and funds held by the North Central Ohio Educational Service Center, 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 fund types and the expendable trust fund and reported in the notes to the financial statements for the enterprise funds.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**C. Budgetary Process (Continued)**

**Lapsing of Appropriations**

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

**D. Cash and Investments**

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

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

During fiscal year 2001, the School District's investments were limited to nonnegotiable certificates of deposit, which 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 year 2001 was \$99,699, which included \$22,152 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months, and not purchased from the pool, are reported as investments.

**E. Prepaid Items**

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Inventory**

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

**G. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by State statute to be set aside for the purchase of textbooks and other instructional materials, and to create a reserve for budget stabilization. Restricted assets also include unexpended revenues restricted for the purchase of school buses.

**H. 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 enterprise funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and reductions during the year. Donated fixed assets are recorded at their fair market value as of the date received. The School District maintains a capitalization threshold of one thousand 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 enterprise fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

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

**I. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "Interfund Receivable/Payables."

Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences**

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

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the enterprise 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 liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. Capital leases and the long-term loan are reported as liabilities in the general long-term obligations account group until due.

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

Under Ohio law, a debt service fund may be created and used for the payment of debt principal and interest. Generally accepted accounting principles require reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate fund and the general long-term obligations account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Fund Balance Reserves and Designations**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures. The designations for textbooks and capital improvements represent resources set aside in excess of those required by State statute.

**M. 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.

**N. Estimates**

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

**O. 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 or results of operations in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**3. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." These statements revise accounting and financial reporting standards for nonexchange transactions involving financial or capital resources. Note 2.B describes the revised accounting policies for nonexchange transactions.

For fiscal year 2001, the School District has increased the threshold amount for capitalizing fixed assets. The threshold amount was increased from \$200 to \$1,500.

**4. RESTATEMENT OF FUND EQUITY**

The restatement for GASB Statements No. 33 and No. 36 had the following effect on fund balance as previously reported as of June 30, 2000.

	General	Special Revenue
Fund Balance as Previously Reported	\$847,990	\$73,105
Intergovernmental Receivable	0	8,042
Deferred Revenue	(20,856)	0
Restated Fund Balance at June 30, 2000	\$827,134	\$81,147

The restatement had no material effect on the excess of revenues and other financing sources over (under) expenditures as previously reported for the fiscal year ended June 30, 2000.

Fixed assets and accumulated depreciation in the Food Service enterprise fund decreased due to the change in the threshold amount for capitalizing fixed assets. Fixed assets decreased \$27,911, from \$71,846 to \$43,935, and accumulated depreciation decreased \$20,276, from \$40,980 to \$20,704. As a result of the restatement, retained earnings as previously reported as of June 30, 2000, decreased \$7,635, from \$103,376 to \$95,741, and the net loss as previously reported for the fiscal year ended June 30, 2000, increased from (\$3,204) to (\$10,839).

The fixed assets reported in the general fixed assets account group decreased \$1,001,210, from \$6,940,029 to \$5,938,819, due to the change in the threshold amount for capitalizing fixed assets.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**5. ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The following funds had deficit fund balances at June 30,2001:

Fund Type/Fund	Deficit
Special Revenue Funds	
Title I	\$8,655
Title VI-R	315

The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

The Safe School Helpline and Continuous Improvement special revenue funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001, in the amount of \$991 and \$2,647, respectively.

**6. BUDGETARY BASIS OF ACCOUNTING**

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

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 the expendable trust fund, and as note disclosure in the enterprise funds (GAAP basis).
4. Proceeds from and principal payments on tax anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The School District repays tax anticipation note principal and interest from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. BUDGETARY BASIS OF ACCOUNTING (Continued)**

6. Although not part of the appropriated budget, the Early Childhood Preschool special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.

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 Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$540,158	\$27,345	\$47,104	\$215,135
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 2000, Received in Cash FY 2001	134,385	8,042	17,928	7,050
Accrued FY 2001, Not Yet Received in Cash	(499,923)	0	(65,032)	(22,235)
Expenditure Accruals:				
Accrued FY 2000, Paid in Cash FY 2001	(565,320)	(31,656)	0	(31,361)
Accrued FY 2001, Not Yet Paid in Cash	585,995	34,825	0	375
Cash Adjustments:				
Unrecorded Activity FY 2000	\$24	\$0	\$0	\$0
Unrecorded Activity FY 2001	(283)	0	0	0
Prepaid Items	(122)	2	0	0
Note Principal Retirement	0	0	(85,000)	0
Note Interest	0	0	(6,990)	6,990
Advances In	28,478	28,478	0	0
Advances Out	(28,478)	(28,478)	0	0
Excess of Revenues Under Expenditures for Nonbudgeted Funds	0	18	0	0
Reallocation of Debt Activity	0	0	91,990	(91,990)
Encumbrances Outstanding at Year End (Budget Basis)	(130,328)	(35,642)	0	(20,415)
Budget Basis	<u>\$64,586</u>	<u>\$2,934</u>	<u>\$0</u>	<u>\$63,549</u>

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**6. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Income/Excess of Revenues Over Expenses and Transfers  
Enterprise Funds

GAAP Basis	\$8,840
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 2000, Received in Cash FY 2001	12,712
Accrued FY 2001, Not Yet Received in Cash	(16,520)
Expense Accruals:	
Accrued FY 2000, Paid in Cash FY 2001	(25,127)
Accrued FY 2001, Not Yet Paid in Cash	33,945
Prepaid Items	(\$211)
Inventory Held for Resale	(11,061)
Materials and Supplies Inventory	(117)
Depreciation Expense	1,530
Encumbrances Outstanding at Year End (Budget Basis)	(3,723)
Budget Basis	\$268

**7. DEPOSITS AND INVESTMENTS**

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

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

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

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. DEPOSITS AND INVESTMENTS (Continued)**

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

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

1. United States Treasury bills, bonds, notes, 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 obligation or security issued by any federal government agency or instrumentality including, but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and 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; and
6. The State Treasurer's investment pool (STAR Ohio).

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

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

At fiscal year end, the School District had \$50 in undeposited cash on hand which is included on the balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$681 in cash and cash equivalents held by the North Central Ohio Educational Service Center. This amount is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**7. DEPOSITS AND INVESTMENTS (Continued)**

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".

At fiscal year end, the carrying amount of the School District's deposits was \$1,753,797 and the bank balance was \$2,099,287. Of the bank balance, \$366,525 was covered by federal depository insurance and \$1,732,762 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**8. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis, while the School District's fiscal year runs from July through June. First-half tax distributions are received by the School District in the second half of the fiscal year. Second-half tax distributions are received in the first half of the following fiscal year.

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2001 represent the collection of calendar year 2000 taxes. Real property taxes for calendar year 2001 are levied after April 1, 2000, on the assessed values as of January 1, 2000, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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.

Public utility real and tangible personal property taxes for calendar year 2001 were levied after April 1, 2000, on the assessed values as of December 31, 1999, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 2001 (other than public utility property) represent the collection of calendar year 2001 taxes. Tangible personal property taxes for calendar year 2001 were levied after April 1, 2000, on the value as of December 31, 2000. Tangible personal property is currently assessed at 25 percent of true value. Amounts 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 School District receives property taxes from Wyandot and Seneca Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**8. PROPERTY TAXES (Continued)**

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2001, and for which there is an enforceable legal claim. 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 and is recognized as revenue at year end. The receivable is 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, 2001, was \$488,084 in the General Fund, \$65,032 in the Bond Retirement debt service fund, and \$25,251 in the Permanent Improvement capital project fund. The amount available as an advance at June 30, 2000, was \$133,816 in the General Fund, \$17,928 in the Bond Retirement debt service fund, and \$7,050 in the Permanent Improvement capital projects fund.

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$44,312,290	63.68%	\$45,301,700	63.65 %
Industrial/Commercial	7,205,590	10.36	7,404,500	10.40
Public Utility	2,939,850	4.22	2,870,360	4.04
Tangible Personal	15,126,910	21.74	15,597,040	21.91
Total Assessed Value	<u>\$69,584,640</u>	<u>100.00%</u>	<u>\$71,173,600</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$53.80		\$53.80	

**9. RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, accounts (student fees and billings for used charged services), intergovernmental, accrued interest, and interfund receivables. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. Student fees are also considered collectible in full due to the withholding of diplomas and grade cards. Accounts receivable at June 30 were \$13,842. A summary of the principal items of intergovernmental receivables follows:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**9. RECEIVABLES (Continued)**

	Amount
General Fund	
Angeline Reimbursement	\$5,103
Capital Projects Fund	
Vocational Equipment	1,756
Enterprise Fund	
National Lunch Reimbursement	5,454
Total Intergovernmental Receivables	\$12,313

**10. FIXED ASSETS**

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

Furniture and Equipment	\$43,935
Less Accumulated Depreciation	(22,234)
Net Fixed Assets	\$21,701

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

Asset Category	Balance at 6/30/00	Additions	Reductions	Balance at 6/30/01
Land	\$97,775	\$51,808	\$0	\$149,583
Buildings	1,721,424	0	0	1,721,424
Improvements	2,732,860	0	0	2,732,860
Furniture, Fixtures, and Equipment	885,665	23,813	500,716	408,762
Vehicles	501,095	46,301	17,224	530,172
Totals	\$5,938,819	\$121,922	\$517,940	\$5,542,801

**11. INTERFUND ASSETS/LIABILITIES**

At June 30, 2001, the General Fund had an interfund receivable and the Permanent Improvement capital projects fund had an interfund payable, in the amount of \$3,016.

At June 30, 2001, the General Fund had an advance to other funds and the Permanent Improvement capital projects fund had an advance from other funds, in the amount of \$103,561.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**12. RISK MANAGEMENT**

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

Coverages provided by Nationwide Insurance are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$15,785,900
Inland Marine Coverage (\$250 deductible)	250,000
General Liability	
Per Occurrence	1,000,000
Total per Year	5,000,000
Umbrella Coverage	
Per Occurrence	2,000,000
Total per Year	2,000,000
Automobile Liability (\$500 deductible)	2,000,000
Uninsured Motorists (\$500 deductible)	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the program.

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. DEFINED BENEFIT PENSION PLANS**

**A. 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 administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$272,356, \$164,049, and \$157,457, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$46,714, is recorded as a liability within the respective funds.

**B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for fiscal year 2001. For fiscal year 2000, 5.5 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$28,533, \$33,152, and \$42,835, respectively; 42 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, in the amount of \$16,446, is recorded as a liability within the respective funds and the general long-term obligations account group.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**13. DEFINED BENEFIT PENSION PLANS (Continued)**

**C. Social Security System**

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

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$129,011.

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

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

For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. 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 2001, the minimum pay was established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$87,952 for fiscal year 2001.

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 \$140,696,340, and the target level was \$211 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.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**15. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components is derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per 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 a rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred days for all school personnel. Upon retirement, payment is made for 27.5 percent of their accrued, but unused sick leave credit to a maximum of fifty-five days.

**B. Health Care Benefits**

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

**16. NOTES PAYABLE**

On February 11, 1997, the School District issued tax anticipation notes, in the amount of \$402,835 and at a rate of 5.09 percent, for renovations to the existing building including plumbing, heating, and electrical improvements. The notes were issued under the authority of Chapter 133 of the Ohio Revised Code for a five year period, with final maturity during fiscal year 2002. During fiscal year 2001, principal, in the amount of \$85,000, was retired. The outstanding balance at June 30, 2001, was \$92,835.

Principal and interest requirements to fully retire the tax anticipation notes in fiscal year 2002 are \$92,835 and \$2,402, respectively.

**17. CAPITAL LEASES**

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

The equipment acquired by lease has been capitalized in the general fixed assets account group, in the amount of \$20,038. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments were made in fiscal year 2001, in the amount of \$5,989.

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**17. CAPITAL LEASES (Continued)**

Fiscal Year Ending June 30,	GLTOAG
2002	\$7,394
Less Amount Representing Interest	(739)
Present Value of Net Minimum Lease Payments	\$6,655

**18. LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Interest Rate	Balance at 6/30/00	Additions	Reduction s	Balance at 6/30/01
Compensated Absences Payable		\$441,250	\$11,308	\$0	\$452,558
Intergovernmental Payable		46,283	50,261	46,283	50,261
Capital Leases Payable		12,644	0	5,989	6,655
Energy Conservation Loan Payable	5.45%	400,000	0	45,000	355,000
Total General Long-Term Obligations		\$900,177	\$61,569	\$97,272	\$864,474

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. Capital leases will be paid from the General Fund.

1996 Energy Conservation Loan - On October 24, 1996, the School District obtained a loan, in the amount of \$530,000, to provide energy conservation measures for the School District. The loan was obtained for a ten year period, with final maturity during fiscal year 2007. The loan is being retired through the Bond Retirement debt service fund.

The School District's overall debt margin was \$6,377,821 with an unvoted debt margin of \$136,206 at June 30, 2001.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2001, were as follows:

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**18. LONG-TERM OBLIGATIONS (Continued)**

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$50,000	\$18,238	\$68,238
2003	55,000	15,338	70,338
2004	60,000	12,190	72,190
2005	60,000	8,846	68,846
2006	60,000	5,530	65,530
2007	70,000	1,939	71,939
	<u>\$355,000</u>	<u>\$62,081</u>	<u>\$417,081</u>

**19. SET ASIDE REQUIREMENTS**

The School District is required by State statute to annually set aside, in the General Fund, an amount based on a statutory formula for the purchase of textbooks and other instructional materials, and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward and used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. For fiscal year 2001, only the unspent portion of certain workers' compensation refunds continues to be set aside at fiscal year end.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2001.

	Textbooks	Capital Improvements	Budget Stabilization
Balance June 30, 2000	\$11,859	\$0	\$63,815
Current Year Set Aside Requirement	116,319	116,319	0
Legislative Reduction	0	0	(36,239)
Qualifying Expenditures	(90,484)	(116,319)	0
Balance June 30, 2001	<u>\$37,694</u>	<u>\$0</u>	<u>\$27,576</u>

The total reserve balance for the set aside at the end of the fiscal year was \$65,270.



**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$179,314	\$40,932	\$220,246
Depreciation Expense	1,530	0	1,530
Operating Income (Loss)	(62,423)	6,143	(56,280)
Federal Donated Commodities	13,313	0	13,313
Operating Grants	47,425	0	47,425
Operating Transfers	0	3,000	3,000
Net Income (Loss)	(303)	9,143	8,840
Net Working Capital	35,632	50,997	86,629
Total Assets	91,278	50,997	142,275
Total Equity	53,584	50,997	104,581
Encumbrances Outstanding at Year End (Budget Basis)	1,465	2,258	3,723

**21. JOINTLY GOVERNED ORGANIZATIONS**

**A. Tri-Rivers Educational Computer Association**

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**21. JOINTLY GOVERNED ORGANIZATIONS (Continued)**

**B. North Central Ohio Special Education Regional Resource Center**

The North Central Ohio Special Education Regional Resource Center (SERRC) is a jointly governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-six member board including the superintendent from the participating school districts. The degree of control exercised by the School District is limited to its representation on the Board. Financial information can be obtained from Patricia Lyons, Knox County Educational Service Center, 106 East High Street, Mt. Vernon, Ohio 43050.

**C. Northwestern Ohio Educational Research Council, Inc.**

The Northwestern Ohio Educational Research Council, Inc. (NOERC) is a jointly governed organization formed to bring educational entities into a better understanding of their common educational problems, facilitate and conduct practical educational research, coordinate educational research among members, provide a means for evaluating and disseminating the results of research, serve as a repository for research and legislative materials, and provide opportunities for training. The NOERC serves a twenty-five county area in Northwest Ohio. The Board of Directors consists of superintendents from two educational service centers, two exempted village school districts, five local school districts, and five city school districts, as well as representatives from two private or parochial schools and three institutions of higher education. Each active member is entitled to one vote on all issues addressed by the Board of Directors. Financial information can be obtained from the Northwestern Ohio Educational Research Council, Inc., Box 456, Ashland, Ohio 44805.

**D. North Central Regional Professional Development Center**

The North Central Regional Professional Development Center (the Center) is a jointly governed organization among the school districts in Crawford, Huron, Knox, Marion, Morrow, Richland, Seneca, and Wyandot Counties. The organization was formed to create and sustain self-renewing learning communities to transform education in Ohio so that all learners can achieve their full potential. The Center is governed by a twenty-one member Board made up of representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Eileen Lemaster, Mid-Ohio Educational Service Center, 1495 West Longview Avenue, Suite 202, Mansfield, Ohio 44906.

**22. INSURANCE POOLS**

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

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan) was established through the Ohio School Boards Association (OSBA) as an insurance purchasing pool.

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**22. INSURANCE POOLS (Continued)**

**A. Ohio School Boards Association Workers' Compensation Group Rating Plan (Continued)**

The Plan'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 Plan. Each year, the participants pay an enrollment fee to the Plan to cover the costs of administering the program.

**B. Wyandot-Crawford Health Benefit Plan**

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

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

**23. RELATED ORGANIZATION**

**Dorcas Carey Library**

The Dorcas Carey Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Carey Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Dorcas Carey Library, Laura Toland, Clerk/Treasurer, 236 East Findlay Street, Carey, Ohio 43316.

**24. CONTINGENCIES**

**A. Grants**

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

**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT  
WYANDOT COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**24. CONTINGENCIES (Continued)**

**B. Litigation**

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

**25. 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 was not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision will result in an increase in State funding for most Ohio school districts. However, as of November 2, 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 Supreme 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.



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

Carey Exempted Village School District  
Wyandot County  
357 East South Street  
Carey, Ohio 43316

To the Board of Education:

We have audited the general purpose financial statements of the Carey Exempted Village School District, Wyandot County, Ohio, (the District) as of and for the year ended June 30, 2001 and have issued our report thereon dated November 6, 2001, wherein we noted the District adopted Governmental Accounting Board Statement No. 33 and Statement No. 36 and increased its threshold amount for capitalizing fixed assets. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated November 6, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 6, 2001.

Carey Exempted Village School District  
Wyandot County  
Report of Independent Accountants on Compliance and on Internal Control  
Required by *Government Auditing Standards*  
Page 2

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

**JIM PETRO**  
Auditor of State

November 6, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**CAREY EXEMPTED VILLAGE SCHOOL DISTRICT**

**WYANDOT COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 13, 2001**