



**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types	9
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Proprietary Fund Type and Non-Expendable Trust Funds	13
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type and Non-Expendable Trust Funds	14
Combined Statement of Cash Flows - Proprietary Fund Type and Non-Expendable Trust Funds	16
Notes to the General Purpose Financial Statements	17
Schedule of Federal Awards Receipts and Expenditures	43
Notes to Schedule of Federal Awards Receipts and Expenditures	45
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	47
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	49
Schedule of Findings - <i>OMB Circular A-133 §.505</i>	51
Corrective Action Plan	53

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trimble Local School District, Athens County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the general purpose financial statements, the School District adopted Governmental Accounting Standards Board Statements 33 and 36.

The accompanying general purpose financial statements have been prepared assuming the School District will continue as a going concern. The School District has suffered an operating deficit in the General Fund that exceeded 8% of General Fund prior year revenue, had prior year General Fund unencumbered cash balance that was less than 8% of prior year General Fund expenditures, and has not been able to pass additional tax levies by the voters of the School District. The Auditor of State declared the School District to be in Fiscal Emergency status on January 31, 2001. These matters raise substantial doubt about the School District's ability to continue as a going concern. These matters, and management's plans regarding them, are described in Note 1 to the general purpose financial statements. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 5, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Jim Petro
Auditor of State

November 5, 2001

This page intentionally left blank.

Trimble Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$668,811	\$644,133	\$218,390	\$3,447,352
Cash and Cash Equivalents in Segregated Accounts	0	271	0	0
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	34,463	174,548
Investments	0	0	0	0
<u>Receivables:</u>				
Property Taxes	538,010	13,787	124,463	0
Accounts	0	0	0	9,500
Intergovernmental	8,494	116,801	0	13,607
Interfund	20,942	0	0	0
Due from Other Funds	3,899	0	0	0
Prepaid Items	10,900	0	0	2,495
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	17,253	0	0	0
<u>Restricted Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	98,299	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 \$1,366,608	 \$774,992	 \$377,316	 \$3,647,502

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$20,925	\$10,147	\$0	\$0	\$5,009,758
0	0	0	0	271
0	0	0	0	209,011
0	18,042	0	0	18,042
0	0	0	0	676,260
102	0	0	0	9,602
0	0	0	0	138,902
0	0	0	0	20,942
1,297	0	0	0	5,196
0	0	0	0	13,395
5,424	0	0	0	5,424
782	0	0	0	18,035
0	0	0	0	98,299
161,515	0	21,137,362	0	21,298,877
0	0	0	225,869	225,869
0	0	0	1,856,320	1,856,320
<u>\$190,045</u>	<u>\$28,189</u>	<u>\$21,137,362</u>	<u>\$2,082,189</u>	<u>\$29,604,203</u>

(continued)

Trimble Local School District, Ohio
 Combined Balance Sheet
 All Fund Types and Account Groups (Continued)
 June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$20,390	\$8,457	\$0	\$1,182
Contracts Payable	0	0	0	539,448
Accrued Wages and Benefits Payable	608,630	135,182	0	0
Compensated Absences Payable	8,056	480	0	0
Retainage Payable	0	0	0	181,046
Interfund Payable	0	233	0	20,709
Due to Other Funds	0	5,196	0	0
Intergovernmental Payable	142,244	32,107	0	0
Deferred Revenue	515,001	92,532	116,984	13,607
Due to Students	0	0	0	0
Matured Bonds Payable	0	0	30,000	0
Matured Interest Payable	0	0	4,463	0
State Operating Loan Payable	945,000	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	2,239,321	274,187	151,447	755,992
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit)	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	6,959	188,283	0	1,231,888
Reserved for Contributions	0	0	0	0
Reserved for Inventory	17,253	0	0	0
Reserved for Property Taxes	3,160	0	4,068	0
Reserved for Bus Purchase	54,048	0	0	0
Reserved for Textbooks	11,608	0	0	0
Reserved for Budget Stabilization	32,643	0	0	0
Unreserved, Undesignated (Deficit)	(998,384)	312,522	221,801	1,659,622
Total Fund Equity (Deficit) and Other Credits	(872,713)	500,805	225,869	2,891,510
Total Liabilities, Fund Equity and Other Credits	\$1,366,608	\$774,992	\$377,316	\$3,647,502

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$125	\$0	\$0	\$0	\$30,154
0	0	0	0	539,448
25,969	0	0	0	769,781
8,083	0	0	513,499	530,118
0	0	0	0	181,046
0	0	0	0	20,942
0	0	0	0	5,196
9,918	0	0	52,631	236,900
3,519	0	0	0	741,643
0	10,147	0	0	10,147
0	0	0	0	30,000
0	0	0	0	4,463
0	0	0	0	945,000
0	0	0	196,059	196,059
0	0	0	1,320,000	1,320,000
<u>47,614</u>	<u>10,147</u>	<u>0</u>	<u>2,082,189</u>	<u>5,560,897</u>
0	0	21,137,362	0	21,137,362
235,127	0	0	0	235,127
(92,696)	0	0	0	(92,696)
0	0	0	0	1,427,130
0	7,890	0	0	7,890
0	0	0	0	17,253
0	0	0	0	7,228
0	0	0	0	54,048
0	0	0	0	11,608
0	0	0	0	32,643
0	10,152	0	0	1,205,713
<u>142,431</u>	<u>18,042</u>	<u>21,137,362</u>	<u>0</u>	<u>24,043,306</u>
<u>\$190,045</u>	<u>\$28,189</u>	<u>\$21,137,362</u>	<u>\$2,082,189</u>	<u>\$29,604,203</u>

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property Taxes	\$447,560	\$10,969	\$110,549	\$0	\$569,078
Intergovernmental	5,214,670	1,249,187	23,575	7,689,677	14,177,109
Interest	56,856	0	0	191,896	248,752
Tuition and Fees	5,592	0	0	0	5,592
Extracurricular Activities	0	37,025	0	0	37,025
Miscellaneous	78,416	461,481	1,315	0	541,212
Total Revenues	5,803,094	1,758,662	135,439	7,881,573	15,578,768
Expenditures:					
Current:					
Instruction:					
Regular	2,686,179	603,526	0	37,599	3,327,304
Special	789,376	310,235	0	0	1,099,611
Vocational	149,841	0	0	0	149,841
Other	218,129	2,713	0	0	220,842
Support Services:					
Pupils	165,512	219,671	0	0	385,183
Instructional Staff	255,345	132,504	0	27,328	415,177
Board of Education	26,238	560	0	0	26,798
Administration	467,591	24,220	0	0	491,811
Fiscal	182,754	1,053	3,445	0	187,252
Operation and Maintenance of Plant	566,908	31,583	0	7,602	606,093
Pupil Transportation	472,005	51,335	0	0	523,340
Central	6,676	0	0	0	6,676
Extracurricular Activities	19,968	104,721	0	0	124,689
Capital Outlay	0	0	0	8,558,449	8,558,449
Debt Service:					
Principal Retirement	48,310	0	83,000	0	131,310
Interest and Fiscal Charges	0	0	102,227	0	102,227
Total Expenditures	6,054,832	1,482,121	188,672	8,630,978	16,356,603
Excess of Revenues Over (Under) Expenditures	(251,738)	276,541	(53,233)	(749,405)	(777,835)
Other Financing Sources (Uses):					
Proceeds from Sale of Fixed Assets	0	0	0	9,500	9,500
Operating Transfers In	0	70,000	0	0	70,000
Operating Transfers Out	(70,000)	0	0	0	(70,000)
Total Other Financing Sources (Uses)	(70,000)	70,000	0	9,500	9,500
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(321,738)	346,541	(53,233)	(739,905)	(768,335)
Fund Balances (Deficit) at Beginning of Year - Restated Note 3	(564,213)	154,264	279,102	3,631,415	3,500,568
Increase in Reserve for Inventory	13,238	0	0	0	13,238
Fund Balances (Deficit) at End of Year	(\$872,713)	\$500,805	\$225,869	\$2,891,510	\$2,745,471

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2001

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$448,729	\$444,449	(\$4,280)
Intergovernmental	5,232,658	5,215,270	(17,388)
Interest	56,172	56,140	(32)
Tuition and Fees	6,666	5,592	(1,074)
Extracurricular Activities	0	0	0
Miscellaneous	96,926	96,296	(630)
Total Revenues	5,841,151	5,817,747	(23,404)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,839,997	2,718,978	121,019
Special	784,364	776,496	7,868
Vocational	150,860	149,610	1,250
Other	291,410	249,815	41,595
Support Services:			
Pupils	205,172	190,126	15,046
Instructional Staff	269,432	263,811	5,621
Board of Education	27,383	23,342	4,041
Administration	487,592	469,225	18,367
Fiscal	188,891	180,956	7,935
Operation and Maintenance of Plant	585,817	560,134	25,683
Pupil Transportation	568,591	509,825	58,766
Central	7,200	6,676	524
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	20,468	20,468	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	6,427,177	6,119,462	307,715
Excess of Revenues Over (Under) Expenditures	(586,026)	(301,715)	284,311
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	3,115	3,115	0
Proceeds from Sale of Notes	945,000	945,000	0
Advances In	33,752	33,752	0
Advances Out	(4,700)	0	4,700
Operating Transfers In	0	0	0
Operating Transfers Out	(70,000)	(70,000)	0
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	907,167	911,867	4,700
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	321,141	610,152	289,011
Fund Balances at Beginning of Year	141,070	141,070	0
Prior Year Encumbrances Appropriated	4,976	4,976	0
Fund Balances at End of Year	\$467,187	\$756,198	\$289,011

See accompanying notes to the general purpose financial statements (continued)

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2001

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$10,719	\$10,719	\$0
Intergovernmental	1,404,223	1,284,583	(119,640)
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	41,831	36,854	(4,977)
Miscellaneous	461,522	461,751	229
Total Revenues	1,918,295	1,793,907	(124,388)
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	793,863	637,951	155,912
Special	473,548	310,896	162,652
Vocational	0	0	0
Other	2,713	2,713	0
Support Services:			
Pupils	323,785	231,146	92,639
Instructional Staff	197,499	131,692	65,807
Board of Education	1,204	650	554
Administration	31,735	24,503	7,232
Fiscal	3,471	1,144	2,327
Operation and Maintenance of Plant	56,011	34,133	21,878
Pupil Transportation	163,297	155,229	8,068
Central	0	0	0
Operation of Non-Instructional Services	20,000	18,116	1,884
Extracurricular Activities	114,056	107,660	6,396
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	2,181,182	1,655,833	525,349
Excess of Revenues Over (Under) Expenditures	(262,887)	138,074	400,961
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Proceeds from Sale of Notes	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	70,000	70,000	0
Operating Transfers Out	0	0	0
Other Financing Sources	0	0	0
Total Other Financing Sources (Uses)	70,000	70,000	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(192,887)	208,074	400,961
Fund Balances at Beginning of Year	230,317	230,317	0
Prior Year Encumbrances Appropriated	10,089	10,089	0
Fund Balances at End of Year	\$47,519	\$448,480	\$400,961

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$148,545	\$107,591	(\$40,954)	\$0	\$0	\$0
23,575	23,575	0	7,152,914	7,689,677	536,763
0	0	0	205,240	191,896	(13,344)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>172,120</u>	<u>131,166</u>	<u>(40,954)</u>	<u>7,358,154</u>	<u>7,881,573</u>	<u>523,419</u>
0	0	0	41,100	38,599	2,501
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	28,527	27,502	1,025
0	0	0	0	0	0
0	0	0	0	0	0
3,753	3,445	308	0	0	0
0	0	0	11,602	9,602	2,000
0	0	0	72	0	72
0	0	0	1,415	1,415	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	11,390,496	10,350,720	1,039,776
83,000	83,000	0	0	0	0
<u>102,227</u>	<u>102,227</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>188,980</u>	<u>188,672</u>	<u>308</u>	<u>11,473,212</u>	<u>10,427,838</u>	<u>1,045,374</u>
<u>(16,860)</u>	<u>(57,506)</u>	<u>(40,646)</u>	<u>(4,115,058)</u>	<u>(2,546,265)</u>	<u>1,568,793</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	(54,461)	(33,752)	20,709
0	0	0	0	0	0
0	0	0	0	0	0
<u>1,315</u>	<u>1,315</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>1,315</u>	<u>1,315</u>	<u>0</u>	<u>(54,461)</u>	<u>(33,752)</u>	<u>20,709</u>
(15,545)	(56,191)	(40,646)	(4,169,519)	(2,580,017)	1,589,502
270,986	270,986	0	4,329,741	4,329,741	0
0	0	0	103,073	103,073	0
<u>\$255,441</u>	<u>\$214,795</u>	<u>(\$40,646)</u>	<u>\$263,295</u>	<u>\$1,852,797</u>	<u>\$1,589,502</u>

(continued)

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenditures and Changes
 In Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types (Continued)
 For the Fiscal Year Ended June 30, 2001

	<u>Totals (Memorandum Only)</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Property Taxes	\$607,993	\$562,759	(\$45,234)
Intergovernmental	13,813,370	14,213,105	399,735
Interest	261,412	248,036	(13,376)
Tuition and Fees	6,666	5,592	(1,074)
Extracurricular Activities	41,831	36,854	(4,977)
Miscellaneous	558,448	558,047	(401)
Total Revenues	15,289,720	15,624,393	334,673
<u>Expenditures:</u>			
<u>Current:</u>			
<u>Instruction:</u>			
Regular	3,674,960	3,395,528	279,432
Special	1,257,912	1,087,392	170,520
Vocational	150,860	149,610	1,250
Other	294,123	252,528	41,595
<u>Support Services:</u>			
Pupils	528,957	421,272	107,685
Instructional Staff	495,458	423,005	72,453
Board of Education	28,587	23,992	4,595
Administration	519,327	493,728	25,599
Fiscal	196,115	185,545	10,570
Operation and Maintenance of Plant	653,430	603,869	49,561
Pupil Transportation	731,960	665,054	66,906
Central	8,615	8,091	524
Operation of Non-Instructional Services	20,000	18,116	1,884
Extracurricular Activities	134,524	128,128	6,396
Capital Outlay	11,390,496	10,350,720	1,039,776
<u>Debt Service:</u>			
Principal Retirement	83,000	83,000	0
Interest and Fiscal Charges	102,227	102,227	0
Total Expenditures	20,270,551	18,391,805	1,878,746
Excess of Revenues Over (Under) Expenditures	<u>(4,980,831)</u>	<u>(2,767,412)</u>	<u>2,213,419</u>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	3,115	3,115	0
Proceeds from Sale of Notes	945,000	945,000	0
Advances In	33,752	33,752	0
Advances Out	(59,161)	(33,752)	25,409
Operating Transfers In	70,000	70,000	0
Operating Transfers Out	(70,000)	(70,000)	0
Other Financing Sources	1,315	1,315	0
Total Other Financing Sources (Uses)	924,021	949,430	25,409
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(4,056,810)</u>	<u>(1,817,982)</u>	<u>2,238,828</u>
Fund Balances at Beginning of Year	4,972,114	4,972,114	0
Prior Year Encumbrances Appropriated	118,138	118,138	0
Fund Balances at End of Year	<u>\$1,033,442</u>	<u>\$3,272,270</u>	<u>\$2,238,828</u>

Trimble Local School District, Ohio
 Combined Statement of Revenues,
 Expenses, and Changes in Fund Equity
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$108,482	\$0	\$108,482
Interest	0	1,053	1,053
Other Revenues	2,283	4,518	6,801
Total Operating Revenues	<u>110,765</u>	<u>5,571</u>	<u>116,336</u>
<u>Operating Expenses:</u>			
Salaries	118,910	0	118,910
Fringe Benefits	62,462	0	62,462
Purchased Services	3,515	0	3,515
Materials and Supplies	39,736	0	39,736
Cost of Sales	115,803	0	115,803
Other	0	1,500	1,500
Depreciation	6,623	0	6,623
Total Operating Expenses	<u>347,049</u>	<u>1,500</u>	<u>348,549</u>
Operating Income (Loss)	<u>(236,284)</u>	<u>4,071</u>	<u>(232,213)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	22,250	0	22,250
Operating Grants	216,661	0	216,661
Total Non-Operating Revenues	<u>238,911</u>	<u>0</u>	<u>238,911</u>
Net Income	2,627	4,071	6,698
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(95,323)</u>	<u>13,971</u>	<u>(81,352)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(92,696)	18,042	(74,654)
Contributed Capital at Beginning and End of Year	<u>235,127</u>	<u>0</u>	<u>235,127</u>
Total Fund Equity at End of Year	<u>\$142,431</u>	<u>\$18,042</u>	<u>\$160,473</u>

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
 Combined Statement of Revenues, Expenses, and
 Changes in Fund Equity - Budget and Actual (Budget Basis)
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$107,908	\$108,380	\$472
Interest	0	0	0
Other Revenues	963	1,069	106
Operating Grants	222,000	216,578	(5,422)
Total Revenues	330,871	326,027	(4,844)
<u>Expenses:</u>			
Salaries	119,419	119,350	69
Fringe Benefits	66,554	66,542	12
Purchased Services	3,900	3,643	257
Materials and Supplies	161,773	133,197	28,576
Capital Outlay	1,127	1,127	0
Other Expenses	0	0	0
Total Expenses	352,773	323,859	28,914
Excess of Revenues Over (Under) Expenses	(21,902)	2,168	24,070
<u>Other Financing Sources:</u>			
Operating Transfers In	4,700	0	(4,700)
Excess of Revenues and Other Financing Sources Over (Under) Expenses	(17,202)	2,168	19,370
Fund Equity at Beginning of Year	17,175	17,175	0
Prior Year Encumbrances Appropriated	352	352	0
Fund Equity at End of Year	\$325	\$19,695	\$19,370

See accompanying notes to the general purpose financial statements

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$107,908	\$108,380	\$472
1,005	1,053	48	1,005	1,053	48
4,043	4,518	475	5,006	5,587	581
0	0	0	222,000	216,578	(5,422)
<u>5,048</u>	<u>5,571</u>	<u>523</u>	<u>335,919</u>	<u>331,598</u>	<u>(4,321)</u>
0	0	0	119,419	119,350	69
0	0	0	66,554	66,542	12
0	0	0	3,900	3,643	257
0	0	0	161,773	133,197	28,576
0	0	0	1,127	1,127	0
3,000	1,500	1,500	3,000	1,500	1,500
<u>3,000</u>	<u>1,500</u>	<u>1,500</u>	<u>355,773</u>	<u>325,359</u>	<u>30,414</u>
2,048	4,071	2,023	(19,854)	6,239	26,093
0	0	0	4,700	0	(4,700)
2,048	4,071	2,023	(15,154)	6,239	21,393
13,971	13,971	0	31,146	31,146	0
0	0	0	352	352	0
<u>\$16,019</u>	<u>\$18,042</u>	<u>\$2,023</u>	<u>\$16,344</u>	<u>\$37,737</u>	<u>\$21,393</u>

Trimble Local School District, Ohio
 Combined Statement of Cash Flows
 Proprietary Fund Type and Non-Expendable Trust Funds
 For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Non- Expendable Trust	Totals (Memorandum Only)
Increase (Decrease) in <u>Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$108,380	\$0	\$108,380
Other Operating Revenue	986	4,518	5,504
Cash Payments to Suppliers for Goods and Services	(136,637)	0	(136,637)
Cash Payments for Scholarships	0	(1,500)	(1,500)
Cash Payments for Employee Services	(119,350)	0	(119,350)
Cash Payments for Employee Benefits	(66,542)	0	(66,542)
Net Cash Provided by (Used for) Operating Activities	(213,163)	3,018	(210,145)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	216,661	0	216,661
<u>Cash Flows from Capital And Related Financing Activities:</u>			
Payments for Capital Acquisitions	(100)	0	(100)
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	0	13,971	13,971
Purchase of Investments	0	(18,042)	(18,042)
Interest	0	1,053	1,053
Net Cash Used for Investing Activities	0	(3,018)	(3,018)
Net Increase in Cash and Cash Equivalents	3,398	0	3,398
Cash and Cash Equivalents at Beginning of Year	17,527	0	17,527
Cash and Cash Equivalents at End of Year	\$20,925	\$0	\$20,925
Reconciliation of Operating Income (Loss) to Net <u>Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$236,284)	\$4,071	(\$232,213)
Adjustments to Reconcile Operating Income (Loss) <u>To Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	6,623	0	6,623
Donated Commodities Used During the Year	22,250	0	22,250
Interest Income	0	(1,053)	(1,053)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(102)	0	(102)
Increase in Due from Other Funds	(1,297)	0	(1,297)
Decrease in Inventory Held for Resale	179	0	179
Decrease in Materials and Supplies Inventory	117	0	117
Decrease in Accounts Payable	(129)	0	(129)
Decrease in Accrued Wages and Benefits Payable	(678)	0	(678)
Decrease in Compensated Absences Payable	(2,211)	0	(2,211)
Decrease in Intergovernmental Payable	(1,631)	0	(1,631)
Total Adjustments	23,121	(1,053)	22,068
Net Cash Provided by (Used for) Operating Activities	(\$213,163)	\$3,018	(\$210,145)
<u>Reconciliation:</u>			
Cash and Cash Equivalents - All Fiduciary Funds			\$10,147
Cash and Cash Equivalents - All Agency Funds			(10,147)
Cash and Cash Equivalents - All Non-Expendable Trust Funds			\$0

See accompanying notes to the general purpose financial statements

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 53 classified employees, 89 certified teaching personnel, and 4 administrators, who provide services to 1,058 students and other community members.

On January 31, 2001, the School District was declared to be in a state of "Fiscal Emergency" by the Auditor of State. New legislation effective September 1996, permitted this declaration due to the School District's declining financial condition. In accordance with the new law, a five-member Financial Planning and Supervision Commission was established to oversee all financial affairs of the School District. The Commission's primary charge is to develop, adopt, and implement a five year financial recovery plan. The Commission accordingly adopted the School District Plan on June 22, 2001. The Commission is composed of a designated representative from the State Director of Budget and Management, a designated representative from the State Superintendent of Public Instruction, a resident/business owner within the School District appointed by the Athens County Auditor, a local business person appointed by the Governor, and a parent with a child enrolled within the School District appointed by the State Superintendent of Public Instruction. Once the plan has been adopted, the Board of Education's discretion is limited in that all financial activity of the School District must be in accordance with the plan.

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

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

The School District is associated with the Southeast Ohio Voluntary Educational Consortium, the Tri-County Joint Vocational School, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 20 and 21.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

Proprietary Fund Type:

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

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

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

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

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

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

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Data

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

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

Tax Budget:

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

Estimated Resources:

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

Appropriations:

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The School District also is responsible for several interest bearing accounts that are in contractors' names and consist of retainage held on contracts. The balances in these accounts are presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" and represents deposits. The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This non-interest bearing depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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 amounted to \$56,856, which includes \$35,684 assigned from other School district funds.

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

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

H. Interfund Assets/Liabilities

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

I. Compensated Absences

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

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

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Interfund Transactions

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

L. Restricted Assets

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

M. Estimates

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

N. Fund Balance Reserves

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

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 workers' compensation refund money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for contributions signifies the legal restrictions on the use of principal.

O. Contributed Capital

Contributed capital represents resources from other funds provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. The amount of contributed capital did not change during fiscal year 2001.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Total Columns on General Purpose Financial Statements

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Reporting for Certain Shared Nonexchange Revenues." The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000:

	General	Special Revenue
Fund Balance at June 30, 2000	(\$562,145)	\$79,088
Implementation of GASB 33	(2,068)	75,176
Adjusted Fund Balance at June 30, 2000	(\$564,213)	\$154,264

Also, due to the implementation of GASB Statements 33 and 36, previously reported intergovernmental receivables and deferred revenue were increased by \$4,634,005 in the Capital Projects Fund type. The increase is for the remaining amount of the "Classroom Facilities Program" grant awarded to the School District on May 2, 2000.

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

At June 30, 2001, the General Fund, the Disadvantaged Pupil Impact Aid Special Revenue Fund, and the Emergency Building Repair Capital Projects Fund had deficit fund balances of \$872,713, \$61,253, and \$20,509 respectively. All fund deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

The Food Service Enterprise Fund had deficit retained earnings of \$93,001, which is the result of accumulated losses. The School District is analyzing fund operations to determine appropriate steps to alleviate the deficit.

The School District failed to certify that adequate revenues would be available to maintain all personnel, programs and services essential to the provision of an adequate educational program for a specified number of days required under Ohio Rev. Code Section 5705.412, for labor agreements adopted during the year.

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. Advances In and Advances Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on loan proceeds are reporting on the operating statement (budget basis) rather than on the balance sheet (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	(\$321,738)	\$346,541	(\$53,233)	(\$739,905)
Revenue Accruals	17,768	35,245	(2,958)	0
Loan Proceeds	945,000	0	0	0
Sale of Fixed Assets	0	0	0	(9,500)
Advances In	33,752	0	0	0
Prepays	954	0	0	0
Expenditure Accruals	(49,990)	20,127	0	(27,757)
Advances Out	0	0	0	(33,752)
Encumbrances	<u>(15,594)</u>	<u>(193,839)</u>	<u>0</u>	<u>(1,769,103)</u>
Budget Basis	<u>\$610,152</u>	<u>\$208,074</u>	<u>(\$56,191)</u>	<u>(\$2,580,017)</u>

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type and Non-Expendable Trust Funds

	Enterprise	Non-Expendable Trust
GAAP Basis	\$2,627	\$4,071
Revenue Accruals	(1,399)	0
Expense Accruals	(4,453)	0
Depreciation Expense	6,623	0
Encumbrances	(1,230)	0
Budget Basis	\$2,168	\$4,071

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$475,443 and the bank balance was \$558,044. Of the bank balance, \$309,372 was covered by federal depository insurance and \$248,672 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is not classified since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at June 30, 2001, was \$4,859,938.

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$5,317,339	\$18,042
Investments:		
Certificates of Deposit	18,042	(18,042)
STAR Ohio	(4,859,938)	4,859,938
GASB Statement 3	\$475,443	\$4,859,938

NOTE 7 - PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	<u>2000 Second Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$21,253,859	76.20%	\$20,738,110	84.02%
Public Utility	3,514,540	12.60%	3,186,050	12.91%
Tangible Personal Property	<u>3,123,230</u>	<u>11.20%</u>	<u>757,140</u>	<u>3.07%</u>
Total Assessed Value	<u>\$27,891,629</u>	<u>100%</u>	<u>\$24,681,300</u>	<u>100%</u>

Tax Rate per \$1,000 of

Assessed Valuation	\$32.92	\$32.92
--------------------	---------	---------

The School District receives property taxes from Athens and Morgan Counties. The Athens County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. Also intended to finance current fiscal year operations is the June personal property tax settlement that was not received until July, 2001, in the amount of \$19,849 in the General Fund, \$344 in the Classroom Facilities Special Revenue Fund, and \$3,411 in the Bond Retirement Fund. 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 \$3,160 in the General Fund and \$4,068 in the Debt Service Fund. These amounts are recognized as revenue.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - RECEIVABLES

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

	<u>Amounts</u>
General Fund:	
Miscellaneous Reimbursements	\$8,494
Special Revenue Funds:	
Conflict Management Grant	1,000
Eisenhower Grant	3,900
Title VI-B	907
Title I	71,724
Title VI	2,640
Title IV	7,706
Title VI-R	8,905
Performance Incentive	20,019
Total Special Revenue Funds	116,801
Capital Projects Fund:	
Emergency Building Repair Reimbursement	13,607
Grand Total	\$138,902

NOTE 9 - FIXED ASSETS

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

Furniture and Equipment	\$253,520
Less: Accumulated depreciation	(92,005)
Net Fixed Assets	\$161,515

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

	Balance at 06/30/00	Additions	Reductions	Balance at 06/30/01
Land	\$515,877	\$0	\$0	\$515,877
Buildings	7,871,369	0	44,803	7,826,566
Furniture, Fixtures and Equipment	1,938,080	73,662	0	2,011,742
Vehicles	811,032	204,260	0	1,015,292
Construction in Progress	1,199,935	8,567,950	0	9,767,885
Total	\$12,336,293	\$8,845,872	\$44,803	\$21,137,362

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - RISK MANAGEMENT

A. Property and Liability

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

Property Insurance - Reed & Baur, Inc.	
Building and Contents - replacement cost (\$500 deductible)	\$12,455,003 limit
Inland Marine (\$250 deductible)	3,972 limit
Boiler and Machinery (\$500 deductible)	2,000,000 limit
Spoilage Coverage	5,000 limit
Fleet Insurance - Nationwide Insurance Company:	
Automobile Liability - Bodily Injury	1,000,000 each person 1,000,000 each accident
Property Damage	1,000,000 each accident
Uninsured Motorists	100,000 each person 300,000 each accident
Liability Insurance - Nationwide Insurance Company:	1,000,000 each occurrence 5,000,000 aggregate

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

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 21). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - DEFINED BENEFIT PENSION PLANS

A. State Teachers Retirement System

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$242,114, \$240,946, and \$164,482, respectively; 79.93 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$48,583 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

B. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999, were \$34,341, \$39,748, and \$68,061 respectively; 33.53 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$22,827 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

C. Social Security System

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

NOTE 12 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS 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 \$322,819 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. 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 has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$88,683.

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 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 at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTE 13- EMPLOYEE BENEFITS

A. Compensated Absences

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

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

B. Insurance Benefits

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

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

Dental coverage is provided through CoreSource. Monthly premiums for family and single coverage are \$13.48 for classified employees and \$33.72 for certified employees.

C. Early Retirement Incentive

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 14- CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual commitments for school building renovations and construction with various vendors in the amount of \$10,011,859. As of June 30, 2001, the School District paid \$9,008,037 on the project and the remaining balance on the contracts is \$1,003,822.

NOTE 15 - FUND OBLIGATION

Changes in the fund obligation of the School District during fiscal year 2001 were as follows:

	Outstanding 06/30/00	Additions	Reductions	Outstanding 06/30/01
State Solvency Advance - 0%	\$0	\$945,000	\$0	\$945,000

The State Solvency Advance, which is interest free money from the State, was obtained to finance General Fund operations. The advance will be repaid directly through monthly reductions from the State Foundation revenues through fiscal year 2003.

NOTE 16- LONG-TERM OBLIGATIONS

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

	Outstanding 06/30/00	Additions	Reductions	Outstanding 06/30/01
General Obligation Bonds:				
Classroom Facilities General Obligation - 6.322%	\$968,000	\$0	\$43,000	\$925,000
School Facilities General Obligation - 9.75%	435,000	0	40,000	395,000
Total General Obligation Bonds	1,403,000	0	83,000	1,320,000
Early Retirement Incentive	48,310	196,059	48,310	196,059
Compensated Absences	544,126	89,917	120,544	513,499
Pension Obligation	52,605	52,631	52,605	52,631
Total Long-Term Obligations	\$2,048,041	\$338,607	\$304,459	\$2,082,189

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. The School District's overall legal debt margin was \$2,447,186 with an unvoted debt margin of \$24,681 at June 30, 2001.

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$60,000	\$94,123	\$154,123
2003	65,000	89,086	154,086
2004	70,000	83,666	153,666
2005	70,000	77,992	147,992
2006	70,000	72,298	142,298
2007 - 2011	340,000	273,740	613,740
2012 - 2016	210,000	184,420	394,420
2017 - 2021	290,000	95,344	385,344
2022 - 2023	<u>145,000</u>	<u>14,850</u>	<u>159,850</u>
Total	<u>\$1,320,000</u>	<u>\$985,519</u>	<u>\$2,305,519</u>

NOTE 17- INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$20,942	\$0
Athletic and Music Special Revenue Fund	0	233
Emergency School Repair Capital Projects Fund	<u>0</u>	<u>20,709</u>
Total	<u>\$20,942</u>	<u>\$20,942</u>

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 18- SET-ASIDE CALCULATIONS AND FUND RESERVES

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 fiscal year end or offset by similarly restricted resources received during the fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Effective April 10, 2001, Senate Bill 345 eliminated the requirement for a budget reserve; however, the amount of the budget reserve funded with workers' compensation refunds or rebates may only be used to offset a budget deficit or certain other expenditures as directed by the Board of Education.

The following cash basis information describes the change in the fiscal year end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute.

	<u>Budget Stabilization Reserve</u>	<u>Capital Improvements Reserve</u>	<u>Textbooks/ Instructional Materials Reserve</u>
Set-Aside Reserve Balance as of June 30, 2000	\$66,548	(\$936,135)	\$38,899
Reduction in Budget Stabilization Based on Statutory Revision	(33,905)	0	0
Current Year Set-Aside Requirement	0	94,749	94,749
Current Year Offsets	0	(84,262)	0
Qualifying Disbursements	<u>0</u>	<u>(69,766)</u>	<u>(22,040)</u>
Total	<u>\$32,643</u>	<u>(\$995,414)</u>	<u>\$11,608</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$32,643</u>	<u>(\$995,414)</u>	<u>\$11,608</u>
Set-Aside Cash Balance as of June 30, 2001	<u>\$32,643</u>	<u>\$0</u>	<u>\$11,608</u>

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 19- SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$110,765	\$0	\$110,765
Depreciation Expense	6,623	0	6,623
Operating Loss	(236,284)	0	(236,284)
Donated Commodities	22,250	0	22,250
Operating Grants	216,661	0	216,661
Net Income	2,627	0	2,627
Net Working Capital	(11,306)	305	(11,001)
Total Assets	189,740	305	190,045
Long-Term Compensated Absences	8,083	0	8,083
Total Equity	142,126	305	142,431
Encumbrances (Budget Basis)	1,230	0	1,230

NOTE 20- JOINTLY GOVERNED ORGANIZATIONS

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

NOTE 21 - INSURANCE PURCHASING POOL

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

NOTE 22 - CONTINGENCIES

A. Grants

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

B. Litigation

As of June 30, 2001, the School District was is currently not party to legal proceedings.

NOTE 23 - STATE SCHOOL FUNDING DECISION

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

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

Trimble Local School District, Ohio
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 5, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion of reconsideration. The Court may reexamine 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.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Pass-Through Ohio Department of Education</i>						
Food Distribution	10.550	N/A	\$	\$ 17,196	\$	\$ 19,657
Nutrition Cluster:						
School Breakfast Program	10.553	05-PU-00	7,569		7,569	
		05-PU-01	<u>44,642</u>		<u>44,642</u>	
Total School Breakfast Program			<u>52,211</u>	<u>0</u>	<u>52,211</u>	<u>0</u>
National School Lunch Program	10.555	LL-P1-00	16,869		16,869	
		LL-P4-00	2,910		2,910	
		LL-P1-01	111,002		111,002	
		LL-P4-01	<u>19,905</u>		<u>19,905</u>	
Total National School Lunch Program			<u>150,686</u>	<u>0</u>	<u>150,686</u>	<u>0</u>
Total Nutrition Cluster			<u>202,897</u>	<u>0</u>	<u>202,897</u>	<u>0</u>
Nutrition Education and Training Program	10.564	N/A			130	
Total U.S. Department of Agriculture			202,897	17,196	203,027	19,657
U.S. DEPARTMENT OF LABOR						
<i>Pass-Through Washington County Joint Vocational School District</i>						
Employment Services and Job Training - Pilot and Demonstration Program	17.249	WK-BE-97			811	
		WK-BE-00			<u>2,328</u>	
			<u>0</u>	<u>0</u>	<u>3,139</u>	<u>0</u>
<i>Pass-Through Ohio Department of Education</i>						
Employment Services and Job Training - Pilot and Demonstration Program	17.249	WK-BE-98			142	
		WK-BE-99			<u>110</u>	
			<u>0</u>	<u>0</u>	<u>252</u>	<u>0</u>
Total Employment Services and Job Training - Pilot and Demonstration Program			<u>0</u>	<u>0</u>	<u>3,391</u>	<u>0</u>
Total U.S. Department of Labor			0	0	3,391	0
U.S. DEPARTMENT OF EDUCATION						
<i>Pass-Through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-SD-00	129,362		137,700	
		C1-S1-00C	47,452			
		C1-S1-01	<u>295,399</u>		<u>230,056</u>	
Total Title I Grants to Local Educational Agencies			<u>472,213</u>	<u>0</u>	<u>367,756</u>	<u>0</u>
Special Education Cluster:						
Special Education-Grants to States	84.027	6B-SF-99P	17,936		28,142	
		6B-SF-00P	<u>114,247</u>		<u>82,449</u>	
Total Special Education-Grants to States			<u>132,183</u>	<u>0</u>	<u>110,591</u>	<u>0</u>
Special Education-Preschool Grants	84.173	PG-S1-98			180	
		PG-S1-00			504	
		PG-S1-01	<u>9,360</u>		<u>6,875</u>	
Total Special Education-Preschool Grants			<u>9,360</u>	<u>0</u>	<u>7,559</u>	<u>0</u>
Total Special Education Cluster			141,543	0	118,150	0

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF EDUCATION (Continued)						
<i>Pass-Through Ohio Department of Education (Continued)</i>						
Safe and Drug-Free Schools and Communities-						
State Grants	84.186	DR-S1-97	\$	\$	\$ 6	\$
		DR-S1-00	3,940		3,872	
		DR-S1-01	3,307		659	
Total Safe and Drug-Free Schools and Communities-State Grants			7,247	0	4,537	0
Goals 2000 - State and Local Education						
Systemic Improvement Grants	84.276	G2-S1-97			514	
		G2-S1-99			985	
		G2-S2-00	14,000		7,177	
		G2-S1-00			22,320	
		G2-A2-01	138			
		G2-S1-01	8,579		6,633	
		G2-S2-01	13,000		2,719	
Total Goals 2000 - State and Local Education Systemic Improvement Grants			35,717	0	40,348	0
Eisenhower Professional Development State Grants						
	84.281	MS-S1-97			4	
		MS-S1-99			4,797	
		MS-S1-00	2,582		2,435	
		MS-S1-01	7,231		4,638	
Total Eisenhower Professional Development State Grants			9,813	0	11,874	0
Innovative Education Program Strategies						
	84.298	C2-S1-00			137	
		C2-S1-01	2,774		1,623	
Total Innovative Education Program Strategies			2,774	0	1,760	0
Class Size Reduction						
	84.340	CR-S1-00			16,187	
		CR-S1-01	43,356		25,774	
Total Class Size Reduction			43,356	0	41,961	0
Total U.S. Department of Education			712,663	0	586,386	0
CORPORATION FOR NATIONAL SERVICE						
<i>Pass-Through Ohio Department of Education</i>						
Learn and Serve America -						
School and Community Based Programs	94.004	SV-S1-97			24	
Total Corporation for National Service					24	
Total Federal Awards Receipts and Expenditures			\$ 915,560	\$ 17,196	\$ 792,828	\$ 19,657

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

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had no significant food commodities in inventory.

This page intentionally left blank.



**STATE OF OHIO
OFFICE OF THE AUDITOR**

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 5, 2001, wherein we noted the School District adopted Governmental Accounting Standards Board Statements 33 and 36, and wherein we expressed substantial doubt about its ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2001-10705-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated November 5, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the 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 financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated November 5, 2001.

Trimble Local School District
Athens 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 management, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

November 5, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Trimble Local School District, Athens County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

November 5, 2001

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
--

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title I Grants to Local Educational Agencies, CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

Finding Number 2001-10705-001

Noncompliance Citation

Ohio Rev. Code Section 5705.412 requires the treasurer, superintendent and president of the board of education to certify that adequate revenues will be available to maintain all personnel and programs for the current fiscal year and for a number of days in the succeeding fiscal years equal to the number of days instruction was held or is scheduled for the current fiscal year. For a district that is in a state of fiscal emergency declared under Ohio Rev. Code Chapter 3316, the certificate is to be signed by a designated member of the district's financial planning and supervision commission.

The certification must be attached to all qualifying contracts. A qualifying contract is "...any agreement for the expenditure of money under which the aggregate payments from the funds included in the school district's five-year forecast under 5705.391 of the revised code will exceed the lesser of the following amounts":

1. \$500,000;
2. 1% of the general fund's total estimated revenues as certified in the school district's most recent certificate of estimated resources under Ohio Rev. Code Section 5705.36.

On August 21, 2000, the School District entered into two employment contracts, one with the Trimble Local Teachers' Association and one with the American Federation of State, County and Municipal Employees, Local 1351 and Ohio Council 8, for which a "412" certificate was not executed. Both contracts met the definition of a "qualifying contract". This could result in the contract and or obligation being considered void and/or in possible findings for recovery upon execution of a void obligation.

We recommend the School District attach the required certifications to all negotiated agreements.

3. FINDINGS FOR FEDERAL AWARDS

None.

**TRIMBLE LOCAL SCHOOL DISTRICT
ATHENS COUNTY**

**CORRECTIVE ACTION PLAN
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10705-001	Issue the certificates required under Ohio Rev. Code Section 5705.412 for all necessary contracts and agreements.	12/31/01	Cindy Rhonemus, Treasurer



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140
Telephone 614-466-4514
800-282-0370
Facsimile 614-466-4490

TRIMBLE LOCAL SCHOOL DISTRICT

ATHENS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
DECEMBER 27, 2001**