

**CARROLLTON EXEMPTED VILLAGE  
SCHOOL DISTRICT**



**AUDITED FINANCIAL STATEMENTS  
JUNE 30, 2002**





**Auditor of State  
Betty Montgomery**

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Board of Education  
Carrollton Exempted Village School District  
207 Scio Road  
Carrollton, Ohio 44615

We have reviewed the Independent Auditor's Report of the Carrollton Exempted Village School District, Carroll County, prepared by Rea & Associates, Inc., for the audit period July 1, 2001 through June 30, 2002. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

*Betty Montgomery*

BETTY MONTGOMERY  
Auditor of State

January 22, 2003

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**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY**

**JUNE 30, 2002**

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# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

December 2, 2002

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, OH 44615

## Independent Auditor's Report

We have audited the accompanying general purpose financial statements of Carrollton Exempted Village School District (the "District") as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Carrollton Exempted Village School District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we also have issued our report dated December 2, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of the audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

*Rea & Associates, Inc.*

**Carrollton Exempted Village School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 2002*

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><i>Assets and Other Debit</i></b>			
<b>Assets</b>			
Equity in Pooled Cash and Cash Equivalents	\$3,781,557	\$283,106	\$64,541
Cash and Cash Equivalents in Segregated Account	0	0	0
Receivables:			
Taxes	5,466,807	0	0
Accounts	1,507	3,222	0
Intergovernmental	31,086	77,089	0
Inventory Held for Resale	0	0	0
Materials and Supplies Inventory	109,369	0	0
Prepaid Items	290,594	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	121,798	0	0
Fixed Assets (net, where applicable, of accumulated depreciation)	0	0	0
<b>Other Debit</b>			
Amount to be Provided from General Government Resources	0	0	0
<b><i>Total Assets and Other Debit</i></b>	<b>\$9,802,718</b>	<b>\$363,417</b>	<b>\$64,541</b>

See accompanying notes to the general purpose financial statements



Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$44,498	\$0	\$30,163	\$0	\$0	\$4,203,865
0	88,400	0	0	0	88,400
0	0	0	0	0	5,466,807
208	0	0	0	0	4,937
0	0	0	0	0	108,175
7,009	0	0	0	0	7,009
0	0	0	0	0	109,369
14,853	0	0	0	0	305,447
0	0	0	0	0	121,798
22,483	0	0	13,722,548	0	13,745,031
0	0	0	0	1,700,657	1,700,657
<u>\$89,051</u>	<u>\$88,400</u>	<u>\$30,163</u>	<u>\$13,722,548</u>	<u>\$1,700,657</u>	<u>\$25,861,495</u>

(continued)

**Carrollton Exempted Village School District**  
*Combined Balance Sheet*  
*All Fund Types and Account Groups*  
*June 30, 2002*

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<b><i>Liabilities, Fund Equity and Other Credits</i></b>			
<b>Liabilities</b>			
Accounts Payable	\$130,385	\$11,463	\$0
Accrued Wages and Benefits Payable	1,500,733	85,134	0
Compensated Absences Payable	12,568	0	0
Intergovernmental Payable	295,649	3,750	0
Deferred Revenue	5,372,528	0	0
Due to Students	0	0	0
Claims Payable	0	0	0
Capital Lease Payable	0	0	0
<i>Total Liabilities</i>	<i>7,311,863</i>	<i>100,347</i>	<i>0</i>
<b>Fund Equity and Other Credits</b>			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	578,088	45,603	43,810
Reserved for Inventory	109,369	0	0
Reserved for Property Taxes	121,432	0	0
Reserved for Budget Stabilization	121,798	0	0
Unreserved:			
Designated for Budget Stabilization	195,625	0	0
Undesignated (Deficit)	1,364,543	217,467	20,731
<i>Total Fund Equity (Deficit) and Other Credits</i>	<i>2,490,855</i>	<i>263,070</i>	<i>64,541</i>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<i>\$9,802,718</i>	<i>\$363,417</i>	<i>\$64,541</i>

See accompanying notes to the general purpose financial statements

Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	(Memorandum Only)
\$657	\$0	\$0	\$0	\$0	\$142,505
70,441	0	0	0	0	1,656,308
34,362	0	0	0	1,485,467	1,532,397
27,826	0	0	0	124,657	451,882
0	0	0	0	0	5,372,528
0	0	30,163	0	0	30,163
0	184,565	0	0	0	184,565
0	0	0	0	90,533	90,533
<u>133,286</u>	<u>184,565</u>	<u>30,163</u>	<u>0</u>	<u>1,700,657</u>	<u>9,460,881</u>
0	0	0	13,722,548	0	13,722,548
(44,235)	(96,165)	0	0	0	(140,400)
0	0	0	0	0	667,501
0	0	0	0	0	109,369
0	0	0	0	0	121,432
0	0	0	0	0	121,798
0	0	0	0	0	195,625
0	0	0	0	0	1,602,741
<u>(44,235)</u>	<u>(96,165)</u>	<u>0</u>	<u>13,722,548</u>	<u>0</u>	<u>16,400,614</u>
<u>\$89,051</u>	<u>\$88,400</u>	<u>\$30,163</u>	<u>\$13,722,548</u>	<u>\$1,700,657</u>	<u>\$25,861,495</u>

**Carrollton Exempted Village School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances*  
*All Governmental Fund Types*  
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types			Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	
<b>Revenues</b>				
Taxes	\$4,984,744	\$0	\$0	\$4,984,744
Intergovernmental	11,877,677	962,385	183,573	13,023,635
Interest	79,265	0	0	79,265
Tuition and Fees	203,073	1,191	0	204,264
Extracurricular Activities	6,410	115,122	0	121,532
Rentals	3,057	0	0	3,057
Donations	4,475	16,822	0	21,297
Charges for Services	2,265	0	0	2,265
Miscellaneous	111,381	460	0	111,841
<i>Total Revenues</i>	<u>17,272,347</u>	<u>1,095,980</u>	<u>183,573</u>	<u>18,551,900</u>
<b>Expenditures</b>				
Current:				
Instruction:				
Regular	7,474,074	201,491	0	7,675,565
Special	1,250,373	356,686	0	1,607,059
Vocational	224,790	0	0	224,790
Adult/Continuing	945	720	0	1,665
Support Services:				
Pupils	789,797	142,470	0	932,267
Instructional Staff	532,264	118,087	0	650,351
Board of Education	24,788	0	0	24,788
Administration	1,201,606	31,072	0	1,232,678
Fiscal	463,458	0	0	463,458
Business	97,231	0	0	97,231
Operation and Maintenance of Plant	1,487,932	33,078	0	1,521,010
Pupil Transportation	1,392,221	24,246	0	1,416,467
Central	54,092	0	0	54,092
Operation of Non-Instructional Services	21,015	29,752	0	50,767
Extracurricular Activities	289,296	96,395	0	385,691
Capital Outlay	10,019	0	253,405	263,424
Intergovernmental	0	8,052	0	8,052
Debt Service:				
Principal	0	0	48,916	48,916
Interest and Fiscal Charges	0	0	465	465
<i>Total Expenditures</i>	<u>15,313,901</u>	<u>1,042,049</u>	<u>302,786</u>	<u>16,658,736</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	1,958,446	53,931	(119,213)	1,893,164
<b>Other Financing Sources (Uses)</b>				
Proceeds from Sale of Fixed Assets	503	0	0	503
Inception of a Capital Lease	0	0	139,449	139,449
Operating Transfers In	3,468	0	0	3,468
Operating Transfers Out	(70,000)	0	(3,468)	(73,468)
<i>Total Other Financing Sources (Uses)</i>	<u>(66,029)</u>	<u>0</u>	<u>135,981</u>	<u>69,952</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	1,892,417	53,931	16,768	1,963,116
<i>Fund Balances Beginning of Year</i>	615,495	209,139	47,773	872,407
Decrease in Reserve for Inventory	(17,057)	0	0	(17,057)
<i>Fund Balances End of Year</i>	<u>\$2,490,855</u>	<u>\$263,070</u>	<u>\$64,541</u>	<u>\$2,818,466</u>

See accompanying notes to the general purpose financial statements

**Carrollton Exempted Village School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002*

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Taxes	\$5,389,042	\$4,938,542	(\$450,500)
Intergovernmental	12,948,837	11,876,958	(1,071,879)
Interest	79,778	79,778	0
Tuition and Fees	218,608	203,073	(15,535)
Extracurricular Activities	6,133	6,133	0
Rentals	3,748	3,748	0
Donations	4,475	4,475	0
Charges for Services	2,265	2,265	0
Miscellaneous	126,485	110,951	(15,534)
<i>Total Revenues</i>	<u>18,779,371</u>	<u>17,225,923</u>	<u>(1,553,448)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	7,679,798	7,679,798	0
Special	1,291,584	1,291,549	35
Vocational	228,202	224,074	4,128
Adult/Continuing	938	938	0
Support Services:			
Pupils	798,505	798,505	0
Instructional Staff	537,189	529,747	7,442
Board of Education	28,850	27,261	1,589
Administration	1,222,939	1,222,939	0
Fiscal	505,679	505,679	0
Business	108,552	99,771	8,781
Operation and Maintenance of Plant	1,695,287	1,695,287	0
Pupil Transportation	1,587,054	1,530,031	57,023
Central	54,079	54,079	0
Operation of Non-Instructional Services	23,590	21,222	2,368
Extracurricular Activities	294,627	291,197	3,430
Capital Outlay	170,941	43,971	126,970
Intergovernmental	0	0	0
<i>Total Expenditures</i>	<u>16,227,814</u>	<u>16,016,048</u>	<u>211,766</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>2,551,557</u>	<u>1,209,875</u>	<u>(1,341,682)</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	503	503	0
Advances In	45,000	45,000	0
Advances Out	(24,100)	0	24,100
Operating Transfers In	3,468	3,468	0
Operating Transfers Out	(77,700)	(70,000)	7,700
<i>Total Other Financing Sources (Uses)</i>	<u>(52,829)</u>	<u>(21,029)</u>	<u>31,800</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>2,498,728</u>	<u>1,188,846</u>	<u>(1,309,882)</u>
<i>Fund Balances Beginning of Year</i>	1,553,446	1,553,446	0
Prior Year Encumbrances Appropriated	442,864	442,864	0
<i>Fund Balances End of Year</i>	<u>\$4,495,038</u>	<u>\$3,185,156</u>	<u>(\$1,309,882)</u>

(continued)

See accompanying notes to the general purpose financial statements

**Carrollton Exempted Village School District**  
*Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual  
All Governmental Fund Types (continued)  
For the Fiscal Year Ended June 30, 2002*

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Taxes	\$0	\$0	\$0
Intergovernmental	1,108,329	885,296	(223,033)
Interest	0	0	0
Tuition and Fees	1,191	1,191	0
Extracurricular Activities	150,905	114,564	(36,341)
Rentals	0	0	0
Donations	17,054	16,822	(232)
Charges for Services	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>1,277,479</u>	<u>1,017,873</u>	<u>(259,606)</u>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	291,797	216,083	75,714
Special	489,251	368,454	120,797
Vocational	0	0	0
Adult/Continuing	1,220	1,220	0
Support Services:			
Pupils	157,329	127,302	30,027
Instructional Staff	123,632	113,281	10,351
Board of Education	0	0	0
Administration	43,607	31,037	12,570
Fiscal	0	0	0
Business	300	0	300
Operation and Maintenance of Plant	38,906	33,039	5,867
Pupil Transportation	35,242	24,065	11,177
Central	0	0	0
Operation of Non-Instructional Services	31,003	30,084	919
Extracurricular Activities	122,190	118,854	3,336
Capital Outlay	0	0	0
Intergovernmental	8,052	8,052	0
<i>Total Expenditures</i>	<u>1,342,529</u>	<u>1,071,471</u>	<u>271,058</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(65,050)</u>	<u>(53,598)</u>	<u>11,452</u>
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Advances Out	0	0	0
Operating Transfers In	0	0	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>0</u>	<u>0</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(65,050)</u>	<u>(53,598)</u>	<u>11,452</u>
<i>Fund Balances Beginning of Year</i>	259,606	259,606	0
Prior Year Encumbrances Appropriated	<u>20,031</u>	<u>20,031</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$214,587</u>	<u>\$226,039</u>	<u>\$11,452</u>

See accompanying notes to the general purpose financial statements

Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$5,389,042	\$4,938,542	(\$450,500)
208,628	183,573	(25,055)	14,265,794	12,945,827	(1,319,967)
0	0	0	79,778	79,778	0
0	0	0	219,799	204,264	(15,535)
0	0	0	157,038	120,697	(36,341)
0	0	0	3,748	3,748	0
0	0	0	21,529	21,297	(232)
0	0	0	2,265	2,265	0
0	0	0	126,485	110,951	(15,534)
208,628	183,573	(25,055)	20,265,478	18,427,369	(1,838,109)
120,570	117,041	3,529	8,092,165	8,012,922	79,243
0	0	0	1,780,835	1,660,003	120,832
0	0	0	228,202	224,074	4,128
0	0	0	2,158	2,158	0
0	0	0	955,834	925,807	30,027
3,400	0	3,400	664,221	643,028	21,193
0	0	0	28,850	27,261	1,589
0	0	0	1,266,546	1,253,976	12,570
0	0	0	505,679	505,679	0
0	0	0	108,852	99,771	9,081
33,700	28,598	5,102	1,767,893	1,756,924	10,969
0	0	0	1,622,296	1,554,096	68,200
1,055	1,055	0	55,134	55,134	0
0	0	0	54,593	51,306	3,287
0	0	0	416,817	410,051	6,766
90,585	90,585	0	261,526	134,556	126,970
4,034	4,034	0	12,086	12,086	0
253,344	241,313	12,031	17,823,687	17,328,832	494,855
(44,716)	(57,740)	(13,024)	2,441,791	1,098,537	(1,343,254)
0	0	0	503	503	0
0	0	0	45,000	45,000	0
(45,000)	(45,000)	0	(69,100)	(45,000)	24,100
0	0	0	3,468	3,468	0
(3,468)	(3,468)	0	(81,168)	(73,468)	7,700
(48,468)	(48,468)	0	(101,297)	(69,497)	31,800
(93,184)	(106,208)	(13,024)	2,340,494	1,029,040	(1,311,454)
25,056	25,056	0	1,838,108	1,838,108	0
101,883	101,883	0	564,778	564,778	0
\$33,755	\$20,731	(\$13,024)	\$4,743,380	\$3,431,926	(\$1,311,454)

**Carrollton Exempted Village School District**  
*Combined Statement of Revenues,  
Expenses and Changes in Retained Earnings  
All Proprietary Fund Types  
For the Fiscal Year Ended June 30, 2002*

	Enterprise	Internal Service	Totals (Memorandum Only)
<b>Operating Revenues</b>			
Sales	\$395,390	\$0	\$395,390
Charges for Services	0	1,936,403	1,936,403
Other	208	0	208
<i>Total Operating Revenues</i>	<u>395,598</u>	<u>1,936,403</u>	<u>2,332,001</u>
<b>Operating Expenses</b>			
Salaries and Wages	294,067	0	294,067
Fringe Benefits	186,732	0	186,732
Purchased Services	13,952	248,372	262,324
Cost of Sales	386,344	0	386,344
Claims	0	1,914,757	1,914,757
Depreciation	917	0	917
<i>Total Operating Expenses</i>	<u>882,012</u>	<u>2,163,129</u>	<u>3,045,141</u>
<i>Operating Loss</i>	<u>(486,414)</u>	<u>(226,726)</u>	<u>(713,140)</u>
<b>Non-Operating Revenues</b>			
Donated Commodities	52,981	0	52,981
Interest	0	11,200	11,200
Operating Grants	384,502	0	384,502
<i>Total Non-Operating Revenues</i>	<u>437,483</u>	<u>11,200</u>	<u>448,683</u>
<i>Loss Before Operating Transfers</i>	<u>(48,931)</u>	<u>(215,526)</u>	<u>(264,457)</u>
Operating Transfer In	70,000	0	70,000
<i>Net Income (Loss)</i>	21,069	(215,526)	(194,457)
<i>Retained Earnings (Deficit) Beginning of Year</i>	<u>(65,304)</u>	<u>119,361</u>	<u>54,057</u>
<i>Retained Earnings (Deficit) End of Year</i>	<u><u>(\$44,235)</u></u>	<u><u>(\$96,165)</u></u>	<u><u>(\$140,400)</u></u>

See accompanying notes to the general purpose financial statements



**Carrollton Exempted Village School District**  
*Combined Statement of Revenues, Expenses*  
*and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual*  
*All Proprietary Fund Types*  
*For the Fiscal Year Ended June 30, 2002*

	Enterprise Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<b>Revenues</b>			
Sales	\$413,427	\$395,390	(\$18,037)
Charges for Services	0	0	0
Interest	0	0	0
Operating Grants	384,502	384,502	0
<i>Total Revenues</i>	<u>797,929</u>	<u>779,892</u>	<u>(18,037)</u>
<b>Expenses</b>			
Salaries and Wages	292,450	287,866	4,584
Fringe Benefits	178,888	178,888	0
Purchased Services	17,323	17,323	0
Materials and Supplies	360,052	339,974	20,078
Capital Outlay	4,367	4,367	0
Other	0	0	0
<i>Total Expenses</i>	<u>853,080</u>	<u>828,418</u>	<u>24,662</u>
<i>Excess of Revenues Over (Under) Expenses</i>	(55,151)	(48,526)	6,625
Operating Transfers In	<u>70,000</u>	<u>70,000</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	14,849	21,474	6,625
<i>Fund Equity Beginning of Year</i>	18,037	18,037	0
Prior Year Encumbrances Appropriated	<u>731</u>	<u>731</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$33,617</u></u>	<u><u>\$40,242</u></u>	<u><u>\$6,625</u></u>

(continued)

See accompanying notes to the general purpose financial statements

**Carrollton Exempted Village School District**  
*Combined Statement of Revenues, Expenses  
and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual  
All Proprietary Fund Types (continued)  
For the Fiscal Year Ended June 30, 2002*

	Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>			
Sales	\$0	\$0	\$0
Charges for Services	2,089,928	1,660,203	(429,725)
Interest	10,811	10,811	0
Operating Grants	0	0	0
<i>Total Revenues</i>	<u>2,100,739</u>	<u>1,671,014</u>	<u>(429,725)</u>
<b>Expenses</b>			
Salaries and Wages	0	0	0
Fringe Benefits	0	0	0
Purchased Services	265,516	206,456	59,060
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	1,734,484	1,734,484	0
<i>Total Expenses</i>	<u>2,000,000</u>	<u>1,940,940</u>	<u>59,060</u>
<i>Excess of Revenues Over (Under) Expenses</i>	100,739	(269,926)	(370,665)
Operating Transfers In	0	0	0
<i>Excess of Revenues Over (Under) Expenses and Operating Transfers</i>	100,739	(269,926)	(370,665)
<i>Fund Equity Beginning of Year</i>	429,725	429,725	0
Prior Year Encumbrances Appropriated	0	0	0
<i>Fund Equity End of Year</i>	<u>\$530,464</u>	<u>\$159,799</u>	<u>(\$370,665)</u>

See accompanying notes to the general purpose financial statements

<u>Totals (Memorandum Only)</u>		
<u>Revised</u>		<u>Variance</u>
<u>Budget</u>	<u>Actual</u>	<u>Favorable</u>
		<u>(Unfavorable)</u>
\$413,427	\$395,390	(\$18,037)
2,089,928	1,660,203	(429,725)
10,811	10,811	0
384,502	384,502	0
<u>2,898,668</u>	<u>2,450,906</u>	<u>(447,762)</u>
292,450	287,866	4,584
178,888	178,888	0
282,839	223,779	59,060
360,052	339,974	20,078
4,367	4,367	0
<u>1,734,484</u>	<u>1,734,484</u>	<u>0</u>
<u>2,853,080</u>	<u>2,769,358</u>	<u>83,722</u>
45,588	(318,452)	(364,040)
<u>70,000</u>	<u>70,000</u>	<u>0</u>
115,588	(248,452)	(364,040)
447,762	447,762	0
731	731	0
<u>\$564,081</u>	<u>\$200,041</u>	<u>(\$364,040)</u>

**Carrollton Exempted Village School District**

*Combined Statement of Cash Flows*

*All Proprietary Fund Types*

*For the Fiscal Year Ended June 30, 2002*

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b><i>Increase (Decrease) in Cash and Cash Equivalents</i></b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$395,390	\$1,799,787	\$2,195,177
Cash Payments to Suppliers for Goods and Services	(354,946)	(248,372)	(603,318)
Cash Payments to Employees for Services	(287,866)	0	(287,866)
Cash Payments for Employee Benefits	(178,755)	0	(178,755)
Cash Payments for Claims	0	(1,903,940)	(1,903,940)
<i>Net Cash Used for Operating Activities</i>	<u>(426,177)</u>	<u>(352,525)</u>	<u>(778,702)</u>
<b>Cash Flows from Noncapital Financing Activities</b>			
Operating Grants	384,502	0	384,502
Operating Transfers In	70,000	0	70,000
<i>Net Cash Provided by Noncapital Financing Activities</i>	<u>454,502</u>	<u>0</u>	<u>454,502</u>
<b>Cash Flows from Capital and Related Financing Activities</b>			
Payments for Capital Acquisitions	<u>(2,595)</u>	<u>0</u>	<u>(2,595)</u>
<b>Cash Flows from Investing Activities</b>			
Interest on Investments	<u>0</u>	<u>11,200</u>	<u>11,200</u>
<i>Net Increase (Decrease) in Cash and Cash Equivalents</i>	25,730	(341,325)	(315,595)
<i>Cash and Cash Equivalents Beginning of Year</i>	<u>18,768</u>	<u>429,725</u>	<u>448,493</u>
<i>Cash and Cash Equivalents End of Year</i>	<u><u>\$44,498</u></u>	<u><u>\$88,400</u></u>	<u><u>\$132,898</u></u>

(continued)

**Carrollton Exempted Village School District**

*Combined Statement of Cash Flows*

*All Proprietary Fund Types*

*For the Fiscal Year Ended June 30, 2002*

	<u>Enterprise</u>	<u>Internal Service</u>	<u>Totals (Memorandum Only)</u>
<b>Reconciliation of Operating Loss to Net Cash Used for Operating Activities</b>			
<i>Operating Loss</i>	<u>(\$486,414)</u>	<u>(\$226,726)</u>	<u>(\$713,140)</u>
<i>Adjustments:</i>			
Depreciation Expense	917	0	917
Donated Commodities	49,158	0	49,158
<i>(Increase) Decrease in Assets:</i>			
Accounts Receivable	(208)	0	(208)
Inventory Held for Resale	(637)	0	(637)
Prepaid Items	(3,171)	0	(3,171)
<i>Increase (Decrease) in Liabilities:</i>			
Accounts Payable	657	0	657
Accrued Wages and Benefits Payable	10,946	0	10,946
Compensated Absences Payable	3,371	0	3,371
Intergovernmental Payable	(796)	0	(796)
Claims Payable	0	10,817	10,817
Deferred Revenue	<u>0</u>	<u>(136,616)</u>	<u>(136,616)</u>
Total Adjustments	<u>60,237</u>	<u>(125,799)</u>	<u>(65,562)</u>
<i>Net Cash Used for Operating Activities</i>	<u><u>(\$426,177)</u></u>	<u><u>(\$352,525)</u></u>	<u><u>(\$778,702)</u></u>

**Non Cash Non Capital Financing Activities**

Federal Donated Commodities in the amount of \$52,981 were recorded as revenue when received.

See accompanying notes to the general purpose financial statements

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Note 1 - Description of the School District and Reporting Entity**

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

The School District was established in 1867 with the construction of a six room school house. The School District serves an area of approximately 297 square miles. It is located in Carroll County, and includes all of the Village of Carrollton. The School District is the 164<sup>th</sup> largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 130 classified employees and 170 certificated employees who provide services to 2,994 students and other community members. The School District currently operates 10 instructional buildings, 3 administrative buildings and 1 bus garage.

*Reporting Entity*

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance 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. Carrollton Exempted Village School District does not have any component units.

The School District participates in the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a jointly governed organization. See Note 16.

**Note 2 - Summary of Significant Accounting Policies**

The financial statements of Carrollton Exempted Village School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its 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.

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***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 regulations, restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial 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.

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

*Proprietary Fund Types*

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

*Enterprise Fund* - The enterprise fund is 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.

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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*Internal Service Fund* - The internal service fund is used to account for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

*Fiduciary Fund Type*

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. There are two types of fiduciary funds, trust and agency. The School District has no trust funds. The School District's 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 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 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.

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 fund type 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.



**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**Revenue Recognition** 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 6) 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** 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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

**C. Budgetary Process**

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

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Board of Education has authorized the Treasurer to allocate appropriations among functions and objects within a fund during the fiscal year.

***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 Carroll 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 2002. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

***Appropriations*** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certification saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations provided the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Appropriations are allocated among functions within a fund during the fiscal year by the Treasurer without Board of Education approval. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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**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. Expenditures plus encumbrances may not legally exceed appropriations at the legal level of control. 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, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to overnight repurchase agreements, money market mutual funds and STAROhio.

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 are reported at cost. The fair value of the mutual fund is determined by the fund's June 30, 2002, share price.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. 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, 2002.

Following Ohio statutes, the Board of Education has, by resolution, identified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$79,265 which includes \$11,409 assigned from other School District funds.

The School District has a segregated bank account for monies held separate from the School District's central bank account. This amount is presented in the Combined Balance Sheet as "cash and cash equivalents in segregated account" since it is not required to be deposited into the School District treasury.

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.

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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***E. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, 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.

***F. 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.

***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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective 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 possess any infrastructure.

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

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

***H. Compensated Absences***

The School District reports compensated absences in accordance with the provisions of GASB Statement No. 16, "Accounting for 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 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 employees who are 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

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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policy. The School District records a liability for accumulated unused sick leave for employees after eight 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.

***I. 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, claims and judgments, compensated absences, special termination benefits and contractually required pension contributions are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources.

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

***J. 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.

***K. Fund Balance Reserves and Designations***

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. The School District records designations for portions of fund equity which the District Board of Education has segregated for specific future use. 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 and unspent worker's compensation monies.

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 unspent workers' compensation refund money.

***L. Estimates***

The preparation of the 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.

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 2002*

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

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

**Note 3 - Fund Deficits**

The following funds had deficit fund balances/retained earnings at June 30, 2002:

	<u>Deficit Fund Balance</u>
Special Revenue Funds:	
Educational Management Information System	\$19
School Improvement Incentive	41
Disadvantaged Pupil Impact Aid	165
Title VI	73
Preschool	4,624
Continuous Improvement Plan Grants	5,125
Miscellaneous Federal Grants	210
Food Service Enterprise Fund	44,235
Self Insurance Internal Service Fund	96,165

The deficits in the special revenue funds resulted from the recognition of liabilities in accordance with generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The food service enterprise fund and the self-insurance internal service fund had deficit retained earnings of \$44,235 and \$96,165, respectively, at June 30, 2002, resulting from the recognition of liabilities in accordance with generally accepted accounting principles. Management is currently analyzing these operations to determine appropriate steps to alleviate the deficits.

**Note 4 - Budgetary Basis of Accounting**

While the School District is reporting financial position, results of operations, and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Basis) and Actual, All Proprietary Fund Types 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:

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1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$1,892,417	\$53,931	\$16,768
Net Adjustment for Revenue Accruals	(46,424)	(78,107)	(139,450)
Advance In	45,000	0	0
Net Adjustment for Expenditure Accruals	16,052	27,644	105,284
Advances Out	0	0	(45,000)
Adjustment for Encumbrances	(718,199)	(57,066)	(43,810)
Budget Basis	\$1,188,846	(\$53,598)	(\$106,208)

**Carrollton Exempted Village School District**  
*Notes to the General Purpose Financial Statements*  
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Net Income (Loss)/Excess of Revenues Over (Under) Expenses  
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	\$21,069	(\$215,526)
Net Adjustment for Revenue Accruals	(4,031)	(276,589)
Net Adjustment for Expense Accruals	11,706	222,189
Donated Commodities	(1,336)	0
Capital Outlay	(2,595)	0
Depreciation Expense	917	0
Adjustment for Encumbrances	(4,256)	0
Budget Basis	\$21,474	(\$269,926)

**Note 5 - Deposits and Investments**

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

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

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

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

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



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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of 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 and Reverse Repurchase Agreements."

*Deposits:* At year-end, the carrying amount of the School District's deposits was (\$325,554) and the bank balance was \$60,257. The entire bank balance was covered by federal depository insurance.

**Carrollton Exempted Village School District**  
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*Investments:* The School District's investments are required to be categorized below to give an indication of the level of risk assumed by the School District at fiscal 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 which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio and money market mutual funds are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreements	\$348,447	\$348,447	\$348,447
STAROhio		4,302,770	4,302,770
Money Market Mutual Fund		88,400	88,400
<b>Total</b>	<b>\$348,447</b>	<b>\$4,739,617</b>	<b>\$4,739,617</b>

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$4,414,063	\$0
Investments which are part of a cash management pool:		
Repurchase Agreements	(348,447)	348,447
Money Market Mutual Fund	(88,400)	88,400
Investment in State Treasurer's Investment Pool	(4,302,770)	4,302,770
GASB Statement No. 3	(\$325,554)	\$4,739,617

**Note 6 - Property Taxes**

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

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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 year 2002 for real and public utility property taxes represents collections of calendar year 2001 taxes. Property tax payments received during calendar year 2002 for tangible personal property (other than public utility property) are for calendar year 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, 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. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2003 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$179,191,869	78.71 %	\$210,134,200	81.51 %
Public Utility Personal	37,300,530	16.39	37,300,530	14.47
Tangible Personal Property	11,151,548	4.90	10,375,129	4.02
Total Assessed Values	<u>\$227,643,947</u>	<u>100.00 %</u>	<u>\$257,809,859</u>	<u>100.00 %</u>
Tax rate per \$1,000 of assessed valuation	\$29.40		\$20.00	

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

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

The School District receives property taxes from Carroll County. The county auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002 are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**Carrollton Exempted Village School District**  
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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, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amount available as an advance to the general fund at June 30, 2002, was \$121,432.

**Note 7 - Receivables**

Receivables at June 30, 2002, consisted of taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Tuition	\$27,153
ROTC Reimbursement	3,613
Driver's Education	320
<i>Total General Fund</i>	<i>31,086</i>
Special Revenue Funds:	
Miscellaneous Federal Grants	75,004
Eisenhower Grant	2,085
<i>Total Special Revenue Funds</i>	<i>77,089</i>
Total	\$108,175

**Note 8 - Fixed Assets**

A summary of the enterprise funds' fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$181,949
Less accumulated depreciation	(159,466)
Net Fixed Assets	\$22,483

**Carrollton Exempted Village School District**  
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A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/01	Additions	Deletions	Balance 6/30/02
Land	\$593,537	\$15,485	\$0	\$609,022
Buildings and Improvements	6,885,146	216,878	0	7,102,024
Furniture and Fixtures	159,663	13,724	0	173,387
Machinery and Equipment	2,915,769	477,303	76,444	3,316,628
Improvements Other Than Buildings	121,591	0	0	121,591
Vehicles	2,323,018	186,958	110,080	2,399,896
<b>Total</b>	<b>\$12,998,724</b>	<b>\$910,348</b>	<b>\$186,524</b>	<b>\$13,722,548</b>

**Note 9 - 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 2002, the School District contracted with Indiana Insurance Company for property and liability insurance coverage as follows:

Type of Coverage	Coverage
Building and Contents - replacement cost	\$28,305,950
Steam Boiler	3,000,000
Automobile Liability	2,000,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	5,000,000

Settlements have not exceeded coverage in any of the last three fiscal years. There has not been a significant reduction in coverage from the prior year.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

***B. Employee Medical Benefits***

Medical and surgical insurance is offered to all employees, and dental insurance is offered to certificated employees through a self insurance internal service fund. The School District is self insured with Klais and Company serving as the third party administrator. The claims liability of \$184,565 reported in the internal service fund at June 30, 2002, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that

**Carrollton Exempted Village School District**  
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a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by incremental claim adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. Changes in fund's claims liability for the fiscal years 2002 and 2001 are as follows:

	Balance at Beginning of Fiscal Year	Current Year Claims	Claims Payments	Balance at End of Fiscal Year
2001	\$168,316	\$1,574,414	\$1,568,982	\$173,748
2002	173,748	1,914,757	1,903,940	184,565

**Note 10 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 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 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$124,042, \$97,312, and \$109,896, respectively; 49.53 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$62,600 representing the unpaid contribution for fiscal year 2002 is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides 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.

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For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. 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, 2002, 2001, and 2000 were \$755,370, \$751,997, and \$460,146, respectively; 83.46 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$124,941 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Note 11 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, 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 \$357,807 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. 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 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$220,797.

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 the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million.

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At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 12 - Other Employee Benefits**

***A. Compensated Absences***

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

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated to a maximum of 240 days for classified employees and 240 days for certified employees. Upon retirement, payment is made for 30 percent of total sick leave accumulated; to a maximum of 60 days for classified employees, to a maximum of 60 days for certified employees. An employee receiving such payment must meet the retirement provisions set by STRS or SERS.

***B. Insurance***

The School District provides life insurance and accidental death and dismemberment insurance to contracted employees through their OME-RESA Health Plan Insurance. The Board pays the cost of the monthly premium, \$5.00 per employee.

**Note 13 - Long-Term Obligations**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Outstanding 6/30/01	Additions	Reductions	Outstanding 6/30/02
Compensated Absences	\$1,433,734	\$1,473,122	\$1,421,389	\$1,485,467
Intergovernmental Payable	119,865	124,657	119,865	124,657
Capital Lease Payable	0	139,449	48,916	90,533
<b>Total General Long-Term Obligations</b>	<b>\$1,553,599</b>	<b>\$1,737,228</b>	<b>\$1,590,170</b>	<b>\$1,700,657</b>

The School District's overall legal debt margin was \$23,202,887 with an unvoted debt margin of \$257,810 at June 30, 2002.

Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents pension obligations paid outside the available period and will be paid from the fund from which the person is paid. Capital leases are paid from the schoolnet capital project fund.



**Carrollton Exempted Village School District**  
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**Note 14 – Capital Leases – Lessee Disclosure**

In the current year, the School District entered into a capitalized lease for equipment. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, “Accounting for Leases,” which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures in the schoolnet capital projects fund on the budgetary statements.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$139,449. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2002 totaled \$48,916 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2002.

Fiscal Year Ending June 30,	Amount
2003	\$49,381
2004	49,381
Total	98,762
Less: Amount Representing Interest	(8,229)
Present Value of Net Minimum Lease Payments	\$90,533

**Note 15 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The expenditures of funds received under these programs generally require compliance with terms and conditions specified in the grant agreements and are 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, 2002.

***B. Litigation***

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

**Carrollton Exempted Village School District**  
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**Note 16 - Jointly Governed Organization**

Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA) is a jointly governed organization created as a regional council of governments pursuant to State statutes. OME-RESA provides financial accounting services, an educational management information system, cooperative purchase services and legal services to member districts. OME-RESA has eleven participating counties consisting of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble, and Tuscarawas Counties. OME-RESA operates under the direction of a Board consisting of one representative from each of the participating school districts. The Jefferson County Educational Service Center office serves as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the School District's continued participation and no equity interest exists. OME-RESA has no outstanding debt. To obtain financial information write to the Ohio Mid-Eastern Regional Educational Service Agency, Debra Angelo, who serves as Treasurer, Steubenville, Ohio 43952. The School District made no contributions for fiscal year 2002.

**Note 17 - Set-Asides**

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 year end or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set aside.

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

	Textbooks/ Instructional Materials Reserve	Capital Improvements Reserve	Budget Stabilization Reserve
Set-aside Reserved Balance as of June 30, 2001	(\$248,062)	\$0	\$121,798
Current Year Set-aside	330,806	330,806	0
Reduction Authorized by Legislative Restrictions	0	0	0
Qualifying Disbursements	(418,684)	(337,227)	0
Totals	<u>(\$335,940)</u>	<u>(\$6,421)</u>	<u>\$121,798</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>(\$335,940)</u>	<u>\$0</u>	<u>\$121,798</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$121,798</u>

**Carrollton Exempted Village School District**  
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The School District had qualifying disbursements during the fiscal year that reduced the textbook and capital improvement set-aside amounts below zero. This extra amount for textbooks may be used to reduce the set-aside requirements of future fiscal years. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amounts to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$121,798.

**Note 18 - 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.

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

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. In November, 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

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

# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

December 2, 2002

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, OH 44615

**Independent Auditor's Report on Compliance and Internal Control  
Over Financial Reporting Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

We have audited the financial statements of Carrollton Exempted Village School District (the "School District") as of and for the year ended June 30, 2002, and have issued our report thereon dated December 2, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

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 structure 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 operations that we consider to be material weaknesses.

This report is intended for the information of the Board of Education, management 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.

*Rea & Associates, Inc.*

# Rea & Associates, Inc.

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ACCOUNTANTS AND BUSINESS CONSULTANTS

December 2, 2002

To the Board of Education  
Carrollton Exempted Village School District  
Carrollton, OH 44615

**Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133**

Compliance

We have audited the compliance of Carrollton Exempted Village School District (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 each of its major federal programs for the year ended June 30, 2002. The District's major federal program is identified in the "summary of auditor's results" section of the accompanying schedule of findings and questioned costs. 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 State, Local Governments, and Not-for-Profit Organizations Receiving Federal Awards. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. 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, Carrollton Exempted Village School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2002.

Carrollton Exempted Village School District  
Independent Auditor's Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control  
Over Compliance in Accordance with OMB Circular A-133  
December 2, 2002  
Page 2

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.

Schedule of Expenditures of Federal Awards

We have audited the general purpose financial statements of Carrollton Exempted Village School District as of and for the year ended June 30, 2002, and have issued our report thereon dated December 2, 2002. Our audit was performed for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

This report is intended for the information of the Board of Education, management 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.

*Hea & Associates, Inc.*

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
 CARROLL COUNTY  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2002

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE	CFDA Number	Grant Number	Federal Receipts	Non-Cash Receipts	Federal Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF EDUCATION (Passed through Ohio Department of Education):						
Title 1, Part A, ESEA Elementary and Secondary Education Act	84.010	C1S1 - 2001 C1S1 - 2002 C1SD - 2001 C1SD - 2002	\$ 0 402,944 - 6,475		\$ 75,853 268,737 8,233 831	
Total Title 1			<u>409,419</u>		<u>353,654</u>	
Special Education Cluster:						
Special Education Grants to States	84.027	6BEC - 2001 - P 6BSF - 2001 - P 6BSF - 2002 - P	4,032 0 212,569		4,032 43,359 149,915	
Special Education - Preschool Grants	84.173	PGS1 - 2001 - P	0		5,005	
Total Special Education Cluster		PGS1 - 2002 - P	<u>26,210</u>		<u>26,210</u>	
			242,811		228,521	
Title VI, of IESA Innovative Education Program Strategies	84.298	C2S1 - 2002	15,359		15,359	
Title VI R Class Reduction	84.340	CRS1 - 2002	29,197		29,197	
Eisenhower Professional Development Grant	84.281	MSS1 - 2001 MSS1 - 2002	0 16,610		2,774 16,402	
Total Eisenhower Professional Development Grant			<u>16,610</u>		<u>19,176</u>	
Safe, Drug-Free Schools & Communities Act Grant	84.186	DRS1 - 2002	11,655		11,655	
Goals 2000 - State and Local Education Systematic Improvement Grants	84.276	G2S2 - 2000 G2S2 - 2001	0 0		1,714 18,000	
Total Goals 2000			<u>0</u>		<u>19,714</u>	
Total U. S. Department of Education			<u>725,051</u>		<u>677,276</u>	
U. S. DEPARTMENT OF AGRICULTURE (Passed through Ohio Department of Education):						
Nutrition Cluster:						
Food Distribution Program	10.550	FY02		\$ 47,822		\$ 47,822
School Breakfast Program	10.553	05PU - 2001 05PU - 2002	10,316 61,952		10,316 61,952	
Total School Breakfast Program			<u>72,268</u>		<u>72,268</u>	
National School Lunch Program	10.555	LLP4 - 2001 LLP4 - 2002	35,306 251,903		35,306 251,903	
Total National School Lunch Program			<u>287,209</u>		<u>287,209</u>	
Total US Department of Agriculture - Nutrition Cluster			<u>359,477</u>	<u>47,822</u>	<u>359,477</u>	<u>47,822</u>
Total Federal Financial Assistance			<u>\$ 1,084,528</u>	<u>\$ 47,822</u>	<u>\$ 1,036,753</u>	<u>\$ 47,822</u>

See accompanying notes to the schedule of expenditures of federal awards.

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
JUNE 30, 2002

NOTE 1: SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of expenditures of federal awards is a summary of the activity of the School District's federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B: NUTRITION CLUSTER

Nonmonetary assistance is reported in the schedule of expenditures of federal awards at the fair market value of the commodities received and disbursed. At June 30, 2002, the School District had no significant food commodities inventory. Reimbursement moneys are commingled with local receipts and state grants. It is assumed federal moneys are expended first.



CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT  
CARROLL COUNTY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
JUNE 30, 2002

**1. SUMMARY OF AUDITOR'S RESULTS**

A-133 Ref.  
.505(d)

(d) (1) (i)	Type of Financial Statement Opinion	Unqualified
(d) (1) (ii)	Were there any material control weakness Conditions reported at the financial statement level (GAGAS)?	No
(d) (1) (ii)	Were there any other reportable control Weakness conditions reported at the Financial statement level (GAGAS)?	No
(d) (1) (iii)	Was there any reported material non-Compliance at the financial statement level (GAGAS)?	No
(d) (1) (iv)	Were there any material internal control Weakness conditions reported for major Federal programs?	No
(d) (1) (iv)	Were there any reportable conditions reported for major programs which were not considered to be material?	No
(d) (1) (v)	Type of Major Programs' Compliance Opinion	Unqualified
(d) (1) (vi)	Are there any reportable findings under Section 510(a) of Circular A-133?	No
(d) (1) (vii)	Major Programs (list): Title I, Part A, ESEA	CFDA # 84.010
(d) (1) (viii)	Dollar Threshold: Type A/B Programs	Type A: >\$300,000 Type B: All others
(d) (1) (ix)	Low Risk Auditee?	Yes

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

<b>NONE</b>	
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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

<b>NONE</b>	
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**Auditor of State  
Betty Montgomery**

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**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT**

**CARROLL 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  
FEBRUARY 4, 2003**