

**CARROLLTON EXEMPTED VILLAGE
SCHOOL DISTRICT**



**AUDITED FINANCIAL STATEMENTS
JUNE 30, 2000**



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Board of Education
Carrollton Exempted Village School District
Carrollton, Ohio

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, 1999 to June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

February 28, 2001

**CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY**

JUNE 30, 2000

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 12, 2001

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, 2000, 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 generally accepted auditing standards 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, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we also have issued our report dated January 12, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of 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, 2000

| | Governmental Fund Types | | |
|--|-------------------------|--------------------|---------------------|
| | General | Special Revenue | Capital Projects |
| <i>Assets and Other Debits</i> | | | |
| Assets | | | |
| Equity in Pooled Cash and Cash Equivalents | \$ 1,388,078 | \$ 149,148 | \$ 305,750 |
| Cash and Cash Equivalents in Segregated Account | 0 | 0 | 0 |
| Receivables: | | | |
| Taxes | 4,527,956 | 0 | 0 |
| Accounts | 467 | 5,371 | 0 |
| Intergovernmental | 38,530 | 0 | 0 |
| Interfund Receivable | 3,700 | 0 | 0 |
| Inventory Held for Resale | 0 | 0 | 0 |
| Materials and Supplies Inventory | 89,106 | 0 | 0 |
| Prepaid Items | 113,627 | 0 | 0 |
| Restricted Assets: | | | |
| Equity in Pooled Cash and Cash Equivalents | 317,423 | 0 | 0 |
| Fixed Assets (net, where applicable, of accumulated depreciation) | 0 | 0 | 0 |
| Other Debit | | | |
| Amount to be Provided from General Government Resources | 0 | 0 | 0 |
| <i>Total Assets and Other Debit</i> | <u>\$ 6,478,887</u> | <u>\$ 154,519</u> | <u>\$ 305,750</u> |

| Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| Enterprise | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| \$ 70,140 | \$ 0 | \$ 38,187 | \$ 0 | \$ 0 | \$ 1,951,303 |
| 0 | 726,448 | 0 | 0 | 0 | 726,448 |
| 0 | 0 | 0 | 0 | 0 | 4,527,956 |
| 0 | 0 | 0 | 0 | 0 | 5,838 |
| 0 | 0 | 0 | 0 | 0 | 38,530 |
| 0 | 0 | 0 | 0 | 0 | 3,700 |
| 7,097 | 0 | 0 | 0 | 0 | 7,097 |
| 899 | 0 | 0 | 0 | 0 | 90,005 |
| 10,023 | 0 | 0 | 0 | 0 | 123,650 |
| 0 | 0 | 0 | 0 | 0 | 317,423 |
| 11,302 | 0 | 0 | 12,441,825 | 0 | 12,453,127 |
| 0 | 0 | 0 | 0 | 1,480,830 | 1,480,830 |
| <u>\$ 99,461</u> | <u>\$ 726,448</u> | <u>\$ 38,187</u> | <u>\$ 12,441,825</u> | <u>\$ 1,480,830</u> | <u>\$ 21,725,907</u> |

(continued)

Carrollton Exempted Village School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2000

| | Governmental Fund Types | | |
|--|-------------------------|--------------------|---------------------|
| | General | Special Revenue | Capital Projects |
| <i>Liabilities, Fund Equity and Other Credits</i> | | | |
| Liabilities | | | |
| Accounts Payable | \$ 92,758 | \$ 2,205 | \$ 0 |
| Accrued Wages and Benefits Payable | 1,259,646 | 40,434 | 0 |
| Compensated Absences Payable | 13,461 | 0 | 0 |
| Interfund Payable | 0 | 3,700 | 0 |
| Intergovernmental Payable | 268,423 | 1,948 | 0 |
| Deferred Revenue | 4,340,242 | 0 | 0 |
| Due to Students | 0 | 0 | 0 |
| Claims Payable | 0 | 0 | 0 |
| | <u>5,974,530</u> | <u>48,287</u> | <u>0</u> |
| <i>Total Liabilities</i> | | | |
| Fund Equity and Other Credits | | | |
| Investment in General Fixed Assets | 0 | 0 | 0 |
| Retained Earnings: | | | |
| Unreserved (Deficit) | 0 | 0 | 0 |
| Fund Balance: | | | |
| Reserved for Encumbrances | 417,379 | 22,415 | 87,051 |
| Reserved for Inventory | 89,106 | 0 | 0 |
| Reserved for Property Taxes | 223,300 | 0 | 0 |
| Reserved for Budget Stabilization | 317,423 | 0 | 0 |
| Unreserved, Undesignated (Deficit) | (542,851) | 83,817 | 218,699 |
| | <u>504,357</u> | <u>106,232</u> | <u>305,750</u> |
| <i>Total Fund Equity (Deficit) and Other Credits</i> | <u>504,357</u> | <u>106,232</u> | <u>305,750</u> |
| | <u>\$ 6,478,887</u> | <u>\$ 154,519</u> | <u>\$ 305,750</u> |
| <i>Total Liabilities, Fund Equity and Other Credits</i> | <u>\$ 6,478,887</u> | <u>\$ 154,519</u> | <u>\$ 305,750</u> |

See accompanying notes to the general purpose financial statements

| Proprietary Fund Types | | Fiduciary Fund Type | Account Groups | | Totals (Memorandum Only) |
|---------------------------|---------------------|------------------------|----------------------------|-------------------------------------|--------------------------------|
| Enterprise | Internal Service | Agency | General Fixed Assets | General Long-Term Obligations | |
| \$ 35 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 94,998 |
| 57,685 | 0 | 0 | 0 | 0 | 1,357,765 |
| 31,702 | 0 | 0 | 0 | 1,377,717 | 1,422,880 |
| 0 | 0 | 0 | 0 | 0 | 3,700 |
| 23,942 | 0 | 0 | 0 | 103,113 | 397,426 |
| 4,963 | 108,786 | 0 | 0 | 0 | 4,453,991 |
| 0 | 0 | 38,187 | 0 | 0 | 38,187 |
| 0 | 168,316 | 0 | 0 | 0 | 168,316 |
| <u>118,327</u> | <u>277,102</u> | <u>38,187</u> | <u>0</u> | <u>1,480,830</u> | <u>7,937,263</u> |
| 0 | 0 | 0 | 12,441,825 | 0 | 12,441,825 |
| (18,866) | 449,346 | 0 | 0 | 0 | 430,480 |
| 0 | 0 | 0 | 0 | 0 | 526,845 |
| 0 | 0 | 0 | 0 | 0 | 89,106 |
| 0 | 0 | 0 | 0 | 0 | 223,300 |
| 0 | 0 | 0 | 0 | 0 | 317,423 |
| 0 | 0 | 0 | 0 | 0 | (240,335) |
| <u>(18,866)</u> | <u>449,346</u> | <u>0</u> | <u>12,441,825</u> | <u>0</u> | <u>13,788,644</u> |
| <u>\$ 99,461</u> | <u>\$ 726,448</u> | <u>\$ 38,187</u> | <u>\$ 12,441,825</u> | <u>\$ 1,480,830</u> | <u>\$ 21,725,907</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, 2000*

| | Governmental Fund | | Types | Totals (Memorandum Only) |
|--|-------------------|--------------------|---------------------|--------------------------------|
| | General | Special Revenue | Capital Projects | |
| Revenues | | | | |
| Taxes | \$ 4,513,188 | \$ 0 | \$ 0 | \$ 4,513,188 |
| Intergovernmental | 8,791,608 | 898,863 | 160,565 | 9,851,036 |
| Interest | 154,899 | 0 | 0 | 154,899 |
| Tuition and Fees | 147,201 | 875 | 0 | 148,076 |
| Extracurricular Activities | 12,514 | 103,460 | 0 | 115,974 |
| Rentals | 4,864 | 0 | 0 | 4,864 |
| Donations | 4,610 | 8,167 | 0 | 12,777 |
| Charges for Services | 1,683 | 0 | 0 | 1,683 |
| Miscellaneous | 22,173 | 639 | 0 | 22,812 |
| <i>Total Revenues</i> | <u>13,652,740</u> | <u>1,012,004</u> | <u>160,565</u> | <u>14,825,309</u> |
| Expenditures | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 7,174,824 | 304,796 | 0 | 7,479,620 |
| Special | 927,610 | 294,371 | 0 | 1,221,981 |
| Vocational | 214,977 | 0 | 0 | 214,977 |
| Adult/Continuing | 0 | 14,500 | 0 | 14,500 |
| Support Services: | | | | |
| Pupils | 695,069 | 103,831 | 0 | 798,900 |
| Instructional Staff | 384,121 | 79,734 | 0 | 463,855 |
| Board of Education | 12,749 | 0 | 0 | 12,749 |
| Administration | 1,140,679 | 33,698 | 0 | 1,174,377 |
| Fiscal | 428,992 | 0 | 0 | 428,992 |
| Business | 69,599 | 0 | 0 | 69,599 |
| Operation and Maintenance of Plant | 1,240,487 | 14,524 | 0 | 1,255,011 |
| Pupil Transportation | 1,308,224 | 23,864 | 0 | 1,332,088 |
| Central | 12,304 | 5,724 | 0 | 18,028 |
| Operation of Non-Instructional Services | 33,262 | 28,689 | 0 | 61,951 |
| Extracurricular Activities | 246,102 | 84,292 | 0 | 330,394 |
| Intergovernmental | | | | 0 |
| Capital Outlay | 831,440 | 0 | 11,270 | 842,710 |
| Debt Service: | | | | |
| Intergovernmental | 0 | 6,346 | 0 | 6,346 |
| <i>Total Expenditures</i> | <u>14,720,439</u> | <u>994,369</u> | <u>11,270</u> | <u>15,726,078</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | (1,067,699) | 17,635 | 149,295 | (900,769) |
| Other Financing Sources | | | | |
| Sale of Fixed Assets | 4,190 | 0 | 0 | 4,190 |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | (1,063,509) | 17,635 | 149,295 | (896,579) |
| <i>Fund Balances Beginning of Year</i> | 1,559,162 | 88,597 | 156,455 | 1,804,214 |
| Increase in Reserve for Inventory | 8,704 | 0 | 0 | 8,704 |
| <i>Fund Balances End of Year</i> | <u>\$ 504,357</u> | <u>\$ 106,232</u> | <u>\$ 305,750</u> | <u>\$ 916,339</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, 2000

| | General Fund | | |
|--|---------------------|---------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$ 4,534,715 | \$ 4,534,715 | \$ 0 |
| Intergovernmental | 8,794,660 | 8,794,660 | 0 |
| Interest | 154,751 | 154,751 | 0 |
| Tuition and Fees | 165,588 | 165,588 | 0 |
| Extracurricular Activities | 12,723 | 12,723 | 0 |
| Rentals | 4,610 | 4,610 | 0 |
| Donations | 4,610 | 4,610 | 0 |
| Charges for Services | 1,683 | 1,683 | 0 |
| Miscellaneous | 16,343 | 16,343 | 0 |
| <i>Total Revenues</i> | <u>13,689,683</u> | <u>13,689,683</u> | <u>0</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 7,246,898 | 7,246,898 | 0 |
| Special | 919,055 | 919,055 | 0 |
| Vocational | 214,479 | 214,479 | 0 |
| Adult/Continuing | 0 | 0 | 0 |
| Other | 76,812 | 76,812 | 0 |
| Support Services: | | | |
| Pupils | 684,998 | 684,998 | 0 |
| Instructional Staff | 388,218 | 388,218 | 0 |
| Board of Education | 12,870 | 12,870 | 0 |
| Administration | 1,120,824 | 1,120,824 | 0 |
| Fiscal | 431,313 | 431,313 | 0 |
| Business | 96,117 | 96,117 | 0 |
| Operation and Maintenance of Plant | 1,294,944 | 1,294,944 | 0 |
| Pupil Transportation | 1,526,801 | 1,526,801 | 0 |
| Central | 12,304 | 12,304 | 0 |
| Operation of Non-Instructional Services | 41,872 | 41,872 | 0 |
| Extracurricular Activities | 245,435 | 245,435 | 0 |
| Capital Outlay | 961,230 | 961,230 | 0 |
| Intergovernmental | 0 | 0 | 0 |
| <i>Total Expenditures</i> | <u>15,274,170</u> | <u>15,274,170</u> | <u>0</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,584,487)</u> | <u>(1,584,487)</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from Sale of Fixed Assets | 4,190 | 4,190 | 0 |
| Refund of Prior Year Receipts | (82,755) | (82,755) | 0 |
| Refund of Prior Year Expenditures | 19,303 | 19,303 | 0 |
| Advances In | 50,065 | 50,065 | 0 |
| Advances Out | (3,700) | (3,700) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(12,897)</u> | <u>(12,897)</u> | <u>0</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(1,597,384)</u> | <u>(1,597,384)</u> | <u>0</u> |
| <i>Fund Balances Beginning of Year</i> | 1,488,745 | 1,488,745 | 0 |
| Prior Year Encumbrances Appropriated | 1,311,622 | 1,311,622 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$ 1,202,983</u> | <u>\$ 1,202,983</u> | <u>\$ 0</u> |

See accompanying notes to the general purpose financial statements

| Special Revenue Funds | | | Capital Projects Funds | | |
|-----------------------|-------------------|----------------------------------|------------------------|-------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| 898,863 | 898,863 | 0 | 160,565 | 160,565 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 875 | 875 | 0 | 0 | 0 | 0 |
| 100,110 | 100,110 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 8,167 | 8,167 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| <u>1,008,015</u> | <u>1,008,015</u> | <u>0</u> | <u>160,565</u> | <u>160,565</u> | <u>0</u> |
| 310,628 | 310,628 | 0 | 93,571 | 93,571 | 0 |
| 312,435 | 312,435 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 14,500 | 14,500 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 115,348 | 115,348 | 0 | 0 | 0 | 0 |
| 83,576 | 83,576 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 30,983 | 30,983 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 14,524 | 14,524 | 0 | 0 | 0 | 0 |
| 23,791 | 23,791 | 0 | 0 | 0 | 0 |
| 5,724 | 5,724 | 0 | 0 | 0 | 0 |
| 29,776 | 29,776 | 0 | 0 | 0 | 0 |
| 94,546 | 94,546 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 4,750 | 4,750 | 0 |
| 6,346 | 6,346 | 0 | 0 | 0 | 0 |
| <u>1,042,177</u> | <u>1,042,177</u> | <u>0</u> | <u>98,321</u> | <u>98,321</u> | <u>0</u> |
| <u>(34,162)</u> | <u>(34,162)</u> | <u>0</u> | <u>62,244</u> | <u>62,244</u> | <u>0</u> |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | 0 | 0 | 0 |
| 639 | 639 | 0 | 0 | 0 | 0 |
| 3,700 | 3,700 | 0 | 0 | 0 | 0 |
| 0 | 0 | 0 | (50,065) | (50,065) | 0 |
| <u>4,339</u> | <u>4,339</u> | <u>0</u> | <u>(50,065)</u> | <u>(50,065)</u> | <u>0</u> |
| (29,823) | (29,823) | 0 | 12,179 | 12,179 | 0 |
| 136,909 | 136,909 | 0 | 206,505 | 206,505 | 0 |
| 17,438 | 17,438 | 0 | 15 | 15 | 0 |
| <u>\$ 124,524</u> | <u>\$ 124,524</u> | <u>\$ 0</u> | <u>\$ 218,699</u> | <u>\$ 218,699</u> | <u>\$ 0</u> |

(continued)

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, 2000

| | Totals (Memorandum Only) | | |
|--|--------------------------|---------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Taxes | \$ 4,534,715 | \$ 4,534,715 | \$ 0 |
| Intergovernmental | 9,854,088 | 9,854,088 | 0 |
| Interest | 154,751 | 154,751 | 0 |
| Tuition and Fees | 166,463 | 166,463 | 0 |
| Extracurricular Activities | 112,833 | 112,833 | 0 |
| Rentals | 4,610 | 4,610 | 0 |
| Donations | 12,777 | 12,777 | 0 |
| Charges for Services | 1,683 | 1,683 | 0 |
| Miscellaneous | 16,343 | 16,343 | 0 |
| <i>Total Revenues</i> | <u>14,858,263</u> | <u>14,858,263</u> | <u>0</u> |
| Expenditures | | | |
| Current: | | | |
| Instruction: | | | |
| Regular | 7,651,097 | 7,651,097 | 0 |
| Special | 1,231,490 | 1,231,490 | 0 |
| Vocational | 214,479 | 214,479 | 0 |
| Adult/Continuing | 14,500 | 14,500 | 0 |
| Other | 76,812 | 76,812 | 0 |
| Support Services: | | | |
| Pupils | 800,346 | 800,346 | 0 |
| Instructional Staff | 471,794 | 471,794 | 0 |
| Board of Education | 12,870 | 12,870 | 0 |
| Administration | 1,151,807 | 1,151,807 | 0 |
| Fiscal | 431,313 | 431,313 | 0 |
| Business | 96,117 | 96,117 | 0 |
| Operation and Maintenance of Plant | 1,309,468 | 1,309,468 | 0 |
| Pupil Transportation | 1,550,592 | 1,550,592 | 0 |
| Central | 18,028 | 18,028 | 0 |
| Operation of Non-Instructional Services | 71,648 | 71,648 | 0 |
| Extracurricular Activities | 339,981 | 339,981 | 0 |
| Capital Outlay | 965,980 | 965,980 | 0 |
| Intergovernmental | 6,346 | 6,346 | 0 |
| <i>Total Expenditures</i> | <u>16,414,668</u> | <u>16,414,668</u> | <u>0</u> |
| <i>Excess of Revenues Over (Under) Expenditures</i> | <u>(1,556,405)</u> | <u>(1,556,405)</u> | <u>0</u> |
| Other Financing Sources (Uses) | | | |
| Proceeds from Sale of Fixed Assets | 4,190 | 4,190 | 0 |
| Refund of Prior Year Receipts | (82,755) | (82,755) | 0 |
| Refund of Prior Year Expenditures | 19,942 | 19,942 | 0 |
| Advances In | 53,765 | 53,765 | 0 |
| Advances Out | (53,765) | (53,765) | 0 |
| <i>Total Other Financing Sources (Uses)</i> | <u>(58,623)</u> | <u>(58,623)</u> | <u>0</u> |
| <i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i> | <u>(1,615,028)</u> | <u>(1,615,028)</u> | <u>0</u> |
| <i>Fund Balances Beginning of Year</i> | 1,832,159 | 1,832,159 | 0 |
| Prior Year Encumbrances Appropriated | 1,329,075 | 1,329,075 | 0 |
| <i>Fund Balances End of Year</i> | <u>\$ 1,546,206</u> | <u>\$ 1,546,206</u> | <u>\$ 0</u> |

See accompanying notes to the general purpose financial statements

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, 2000*

| | <u>Enterprise</u> | <u>Internal Service</u> | <u>Totals (Memorandum Only)</u> |
|--|---------------------------|-----------------------------|---|
| Operating Revenues | | | |
| Sales | \$ 419,091 | \$ 0 | \$ 419,091 |
| Charges for Services | 0 | 1,051,144 | 1,051,144 |
| Other | 141 | 30,029 | 30,170 |
| | <u>419,232</u> | <u>1,081,173</u> | <u>1,500,405</u> |
| <i>Total Operating Revenues</i> | | | |
| Operating Expenses | | | |
| Salaries and Wages | 250,938 | 0 | 250,938 |
| Fringe Benefits | 164,366 | 0 | 164,366 |
| Purchased Services | 15,081 | 194,331 | 209,412 |
| Materials and Supplies | 28,793 | 0 | 28,793 |
| Cost of Sales | 357,928 | 0 | 357,928 |
| Claims | 0 | 1,283,511 | 1,283,511 |
| Depreciation | 4,705 | 0 | 4,705 |
| | <u>821,811</u> | <u>1,477,842</u> | <u>2,299,653</u> |
| <i>Total Operating Expenses</i> | | | |
| <i>Operating Loss</i> | <u>(402,579)</u> | <u>(396,669)</u> | <u>(799,248)</u> |
| Non-Operating Revenues | | | |
| Donated Commodities | 43,586 | 0 | 43,586 |
| Interest | 2,284 | 42,432 | 44,716 |
| Operating Grants | 347,324 | 0 | 347,324 |
| | <u>393,194</u> | <u>42,432</u> | <u>435,626</u> |
| <i>Total Non-Operating Revenues</i> | | | |
| <i>Net Loss</i> | (9,385) | (354,237) | (363,622) |
| <i>Retained Earnings (Deficit) Beginning of Year</i> | <u>(9,481)</u> | <u>803,583</u> | <u>794,102</u> |
| <i>Retained Earnings (Deficit) End of Year</i> | <u><u>\$ (18,866)</u></u> | <u><u>\$ 449,346</u></u> | <u><u>\$ 430,480</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, 2000*

| | Enterprise Fund | | |
|--|-------------------|------------------|--|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| Revenues | | | |
| Sales | \$ 419,091 | \$ 419,091 | \$ 0 |
| Charges for Services | 0 | 0 | 0 |
| Interest | 2,284 | 2,284 | 0 |
| Operating Grants | 347,324 | 347,324 | 0 |
| Other | 141 | 141 | 0 |
| | <u>768,840</u> | <u>768,840</u> | <u>0</u> |
| <i>Total Revenues</i> | | | |
| Expenses | | | |
| Salaries and Wages | 260,865 | 260,865 | 0 |
| Fringe Benefits | 141,488 | 141,488 | 0 |
| Purchased Services | 16,979 | 16,979 | 0 |
| Materials and Supplies | 344,181 | 344,181 | 0 |
| Capital Outlay | 7,628 | 7,628 | 0 |
| | <u>771,141</u> | <u>771,141</u> | <u>0</u> |
| <i>Total Expenses</i> | | | |
| <i>Excess of Revenues Under Expenses</i> | (2,301) | (2,301) | 0 |
| <i>Fund Equity Beginning of Year</i> | 58,545 | 58,545 | 0 |
| Prior Year Encumbrances Appropriated | 13,446 | 13,446 | 0 |
| | <u>13,446</u> | <u>13,446</u> | <u>0</u> |
| <i>Fund Equity End of Year</i> | <u>\$ 69,690</u> | <u>\$ 69,690</u> | <u>\$ 0</u> |

See accompanying notes to the general purpose financial statements

| Internal Service Fund | | | Totals (Memorandum Only) | | |
|-----------------------|-------------------|----------------------------------|--------------------------|-------------------|----------------------------------|
| Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 0 | \$ 0 | \$ 0 | \$ 419,091 | \$ 419,091 | \$ 0 |
| 1,065,860 | 1,065,860 | 0 | 1,065,860 | 1,065,860 | 0 |
| 46,168 | 46,168 | 0 | 48,452 | 48,452 | 0 |
| 0 | 0 | 0 | 347,324 | 347,324 | 0 |
| 30,029 | 30,029 | 0 | 30,170 | 30,170 | 0 |
| <u>1,142,057</u> | <u>1,142,057</u> | <u>0</u> | <u>1,910,897</u> | <u>1,910,897</u> | <u>0</u> |
| 0 | 0 | 0 | 260,865 | 260,865 | 0 |
| 1,418,901 | 1,418,901 | 0 | 1,560,389 | 1,560,389 | 0 |
| 0 | 0 | 0 | 16,979 | 16,979 | 0 |
| 0 | 0 | 0 | 344,181 | 344,181 | 0 |
| 0 | 0 | 0 | 7,628 | 7,628 | 0 |
| <u>1,418,901</u> | <u>1,418,901</u> | <u>0</u> | <u>2,190,042</u> | <u>2,190,042</u> | <u>0</u> |
| (276,844) | (276,844) | 0 | (279,145) | (279,145) | 0 |
| 1,003,292 | 1,003,292 | 0 | 1,061,837 | 1,061,837 | 0 |
| 0 | 0 | 0 | 13,446 | 13,446 | 0 |
| <u>\$ 726,448</u> | <u>\$ 726,448</u> | <u>\$ 0</u> | <u>\$ 796,138</u> | <u>\$ 796,138</u> | <u>\$ 0</u> |

Carrollton Exempted Village School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

| | Enterprise | Internal Service | Totals (Memorandum Only) |
|---|---------------------|---------------------|--------------------------------|
| <i>Increase (Decrease) in Cash and Cash Equivalents</i> | | | |
| Cash Flows from Operating Activities | | | |
| Cash Received from Customers | \$ 419,091 | \$ 0 | \$ 419,091 |
| Cash Received from Quasi-External Transactions with Other Funds | 0 | 1,065,860 | 1,065,860 |
| Other Cash Receipts | 141 | 30,029 | 30,170 |
| Cash Payments to Suppliers for Goods and Services | (360,860) | (194,331) | (555,191) |
| Cash Payments to Employees for Services | (260,865) | 0 | (260,865) |
| Cash Payments for Employee Benefits | (141,338) | 0 | (141,338) |
| Cash Payments for Claims | 0 | (1,224,570) | (1,224,570) |
| <i>Net Cash Used for Operating Activities</i> | (343,831) | (323,012) | (666,843) |
| Cash Flows from Noncapital Financing Activities | | | |
| Operating Grants | 347,324 | 0 | 347,324 |
| Cash Flows from Capital and Related Financing Activities | | | |
| Payments for Capital Acquisitions | (7,628) | 0 | (7,628) |
| Cash Flows from Investing Activities | | | |
| Interest on Investments | 2,284 | 46,168 | 48,452 |
| <i>Net Decrease in Cash and Cash Equivalents</i> | (1,851) | (276,844) | (278,695) |
| <i>Cash and Cash Equivalents Beginning of Year</i> | 71,991 | 1,003,292 | 1,075,283 |
| <i>Cash and Cash Equivalents End of Year</i> | <u>\$ 70,140</u> | <u>\$ 726,448</u> | <u>\$ 796,588</u> |
| Reconciliation of Operating Loss to Net Cash Used for Operating Activities | | | |
| <i>Operating Loss</i> | \$ (402,579) | \$ (396,669) | \$ (799,248) |
| <i>Adjustments:</i> | | | |
| Depreciation Expense | 4,705 | 0 | 4,705 |
| Donated Commodities | 43,586 | 0 | 43,586 |
| <i>(Increase) Decrease in Assets:</i> | | | |
| Inventory Held for Resale | (583) | 0 | (583) |
| Materials and Supplies Inventory | (163) | 0 | (163) |
| Prepaid Items | 5,702 | 0 | 5,702 |
| <i>Increase (Decrease) in Liabilities:</i> | | | |
| Accounts Payable | (5) | 0 | (5) |
| Accrued Wages and Benefits Payable | 6,495 | 0 | 6,495 |
| Compensated Absences Payable | 2,544 | 0 | 2,544 |
| Intergovernmental Payable | (3,533) | 0 | (3,533) |
| Deferred Revenue | 0 | 14,716 | 14,716 |
| Claims Payable | 0 | 58,941 | 58,941 |
| Total Adjustments | <u>58,748</u> | <u>73,657</u> | <u>132,405</u> |
| <i>Net Cash Used for Operating Activities</i> | <u>\$ (343,831)</u> | <u>\$ (323,012)</u> | <u>\$ (666,843)</u> |

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, 2000

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/or 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 164th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by 102 classified employees and 164 certificated employees who provide services to 3,089 students and other community members. The School District currently operates 9 instructional buildings, 2 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 is associated with the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA), a jointly governed organization. See Note 17.

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, 2000

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.

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.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition, grants and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30,

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

2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund type. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

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

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

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

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 2000. 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. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. At year-end, the Board approved appropriations that reflected actual expenditures for the fiscal year.

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

Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. 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.

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

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 2000, investments were limited to overnight repurchase agreements, money market mutual fund and STAR Ohio.

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, 2000, share price.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

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 2000 amounted to \$154,899 which includes \$118,161 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.

E. Interfund Assets/Liabilities

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

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

G. 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.

H. Restricted Assets

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

I. 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.

J. Intergovernmental Revenues

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

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

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

Entitlements

General Fund

State Foundation Program
School Bus Purchase
State Property Tax Relief

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Jennings
Venture Capital
SchoolNet Professional Development
Title VIB
Title I
Title VI
Drug Free Schools
Local Professional Development
Handicapped Preschool
Educational Management Information System
Eisenhower
E-Rate
Ohio Reads
Safe School Helpline
Title VI-R

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to 66 percent of the School District's governmental fund revenue during the 2000 fiscal year.

K. 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.

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

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 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.

L. 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 judgements, 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.

M. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves

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

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 money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

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

O. Contributed Capital

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

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1996, the exact amounts of contributed capital cannot be determined. No contributed capital was supplied by the School District or other agencies on inception of the enterprise funds. Start-up costs were funded through advances which were subsequently reimbursed to the advancing fund. Therefore, no contributed capital has been reported.

P. 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.

Q. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned "Totals (Memorandum Only)" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or cash flows in conformity with 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, 2000:

| | <u>Deficit Fund Balance</u> |
|--|---------------------------------|
| Special Revenue Funds: | |
| Local Professional Development Block Grant | \$8 |
| Educational Management Information System | 11 |
| Disadvantaged Pupil Impact Aid | 195 |
| Ohio Reads | 3,700 |
| Preschool | 1,433 |
| Goals 2000 | 289 |
| Food Service Enterprise Fund | 18,866 |

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 had a deficit retained earnings of \$18,866 at June 30, 2000. Management is currently analyzing these operations to determine appropriate steps to alleviate the deficits.

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

Note 4 - Budgetary Basis of Accounting

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:

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 | (\$1,063,509) | \$17,635 | \$149,295 |
| Net Adjustment for Revenue Accruals | 56,808 | (3,350) | 0 |
| Advances In | 50,065 | 3,700 | 0 |
| Unrecorded Cash | (562) | 0 | 0 |
| Net Adjustment for Expenditure Accruals | (134,530) | (23,184) | 0 |
| Advances Out | (3,700) | 0 | (50,065) |
| Adjustment for Encumbrances | (501,956) | (24,624) | (87,051) |
| Budget Basis | (\$1,597,384) | (\$29,823) | \$12,179 |

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

Net Loss/Excess of Revenues Under Expenses
All Proprietary Fund Types

| | Enterprise | Internal Service |
|-------------------------------------|------------|---------------------|
| GAAP Basis | (\$9,385) | (\$354,237) |
| Net Adjustment for Revenue Accruals | 0 | 18,452 |
| Net Adjustment for Expense Accruals | 10,457 | 58,941 |
| Capital Outlay | (7,628) | |
| Depreciation Expense | 4,705 | 0 |
| Adjustment for Encumbrances | (450) | 0 |
| Budget Basis | (\$2,301) | (\$276,844) |

Note 5 - Deposits and Investments

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

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

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

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;
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

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

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 (\$132,925) and the bank balance was \$85,000. \$85,000 of the bank balance was covered by federal depository insurance.

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

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 Agreement | \$247,760 | \$247,760 | \$247,760 |
| STAR Ohio | | 2,153,889 | 2,153,889 |
| Money Market Mutual Fund | | 726,450 | 726,450 |
| Total | \$247,760 | \$3,128,099 | \$3,128,099 |

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 | \$2,995,174 | \$0 |
| Investments which are part of a cash management pool: | | |
| Repurchase Agreements | (247,760) | 247,760 |
| Money Market Mutual Fund | (726,450) | 726,450 |
| Investment in State Treasurer's Investment Pool | (2,153,889) | 2,153,889 |
| GASB Statement No. 3 | (\$132,925) | \$3,128,099 |

Note 6 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000, and are collected in 2001 with real property taxes.

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

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

| | 1999 Second - Half Collections | | 2000 First - Half Collections | |
|--|-----------------------------------|----------------|----------------------------------|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/ Residential and Other Real Estate | \$167,068,230 | 76.68% | \$172,350,050 | 78.81% |
| Public Utility Personal | 37,927,865 | 17.41 | 36,320,740 | 16.61 |
| Tangible Personal Property | 12,868,338 | 5.91 | 10,022,704 | 4.58 |
| Total Assessed Values | \$217,864,433 | 100.00% | \$218,693,494 | 100.00% |
| Tax rate per \$1,000 of assessed valuation | \$29.40 | | \$29.40 | |

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

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

The 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, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2000, was \$223,300 in the general fund.

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

Note 7 - Receivables

Receivables at June 30, 2000, consisted of taxes, accounts (customer services, insurance premiums and student fees), accrued interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

| Intergovernmental Receivables | Amounts |
|-------------------------------|----------|
| General Fund: | |
| Tuition | \$35,586 |
| Drivers Education | 2,500 |
| Rentals | 444 |
| Total | \$38,530 |

Note 8 - Fixed Assets

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

| | |
|-------------------------------|-----------|
| Furniture and Equipment | \$170,528 |
| Less accumulated depreciation | (159,226) |
| Net Fixed Assets | \$11,302 |

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

| | Balance 7/1/99 | Additions | Deletions | Balance 6/30/00 |
|-----------------------------------|-------------------|-------------|---------------|--------------------|
| Land | \$570,661 | \$18,655 | \$0 | \$589,316 |
| Buildings and Improvements | 5,499,205 | 1,257,184 | 0 | 6,756,389 |
| Furniture and Fixtures | 32,041 | 107,201 | 0 | 139,242 |
| Machinery and Equipment | 2,545,214 | 205,163 | (141,536) | 2,608,841 |
| Improvements Other Than Buildings | 109,147 | 12,444 | 0 | 121,591 |
| Vehicles | 2,015,458 | 193,256 | 0 | 2,208,714 |
| Construction in Progress | 431,868 | 843,048 | (1,257,184) | 17,732 |
| Total | \$11,203,594 | \$2,636,951 | (\$1,398,720) | \$12,441,825 |

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

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 2000, the School District contracted with Nationwide for property and liability insurance coverages as follows:

| <u>Type of Coverage</u> | <u>Coverage</u> |
|--|-----------------|
| Building and Contents - replacement cost | \$25,170,374 |
| Inland Marine | 52434 |
| 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 \$168,316 reported in the internal service fund at June 30, 2000, 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 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 2000, 1999 and 1998 are as follows:

| | <u>Balance at Beginning of Fiscal Year</u> | <u>Current Year Claims</u> | <u>Claims Payments</u> | <u>Balance at End of Fiscal Year</u> |
|------|--|------------------------------------|----------------------------|--|
| 1998 | \$70300 | \$794,530 | \$732,441 | \$132,389 |
| 1999 | 132,389 | 1,151,923 | 1,174,937 | 109,375 |
| 2000 | 109,375 | 1,283,511 | 1,224,570 | 168,316 |

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

Note 10 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by 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 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$109,896, \$147,726 and \$168,977, respectively; 53.83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$78,414 representing the unpaid contribution for fiscal year 2000, 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 retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$460,146, \$434,327, and \$708,099, respectively; 83.02 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$78,149 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

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

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, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$613,528 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase of 2.20 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$169,839.

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, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

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

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 215 days for classified employees and 230 days for certified employees. Upon retirement, payment is made for 30 percent of total sick leave accumulated; to a maximum of 50 days for classified employees, to a maximum of 48 days for certificated employees with less than 165 days and to a maximum of 55 days for certificated employees with more than 165 days. 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 Guarantee Life Insurance. The Board pays the cost of the monthly premium, \$5.80 per employee.

Note 13 - Long-Term Obligations

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

| | Outstanding 6/30/99 | Additions | Reductions | Outstanding 6/30/00 |
|-------------------------------------|------------------------|-----------|------------|------------------------|
| Compensated Absences | \$1,462,332 | \$80,273 | \$164,888 | \$1,377,717 |
| Intergovernmental Payable | 92,800 | 103,113 | 92,800 | 103,113 |
| Total General Long-Term Obligations | \$1,555,132 | \$183,386 | \$257,688 | \$1,480,830 |

The School District's overall legal debt margin was \$19,682,414 unvoted debt margin of \$218,693 at June 30, 2000.

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.

Note 14 - Interfund Activity

At June 30, 2000, the general fund had an interfund receivable for \$3,700 and the Ohio Reads special revenue fund had an interfund payable for the same amount.

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

Note 15 - State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$8,111,584 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

Note 16 - 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 is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

The School District is not party to any material legal proceedings.

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

Note 17 - 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.

Note 18 - 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 and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for budget stabilization.

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

| | Textbooks | Capital Acquisition | Budget Stabilization |
|---|--------------------|------------------------|-------------------------|
| Set-aside Reserve Balance as of June 30, 1999 | \$0 | \$0 | \$216,848 |
| Current Year Set-aside Requirement | 301,724 | 301,724 | 100,575 |
| Qualifying Disbursements | (613,600) | (1,077,300) | 0 |
| Totals | <u>(\$311,876)</u> | <u>(\$775,576)</u> | <u>\$317,423</u> |
| Set-aside Balance Carried Forward to Future Fiscal Years | <u>(\$311,876)</u> | <u>\$0</u> | <u>\$317,423</u> |
| Set-aside Reserve Balance as of June 30, 2000 | <u>\$0</u> | <u>\$0</u> | <u>\$317,423</u> |

The School District had qualifying disbursements during the fiscal year that reduced the textbook set-aside amount below zero. This extra amount 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 amount 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 \$317,423.

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

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Rea & Associates, Inc.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 12, 2001

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, 2000, and have issued our report thereon dated January 12, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 12, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control 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. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the School District in a separate letter dated January 12, 2001.

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.

ACCOUNTANTS AND BUSINESS CONSULTANTS

January 12, 2001

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, 2000. The District's major federal programs 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 generally accepted auditing standards; 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, 2000.

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, 2000, and have issued our report thereon dated January 12, 2001. 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.

Rea & Associates, Inc.

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
 CARROLL COUNTY
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED JUNE 30, 2000

| FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM TITLE | CFDA NUMBER | GRANT NUMBER | FEDERAL RECEIPTS | NON-CASH RECEIPTS | FEDERAL DISBURSEMENTS | NON-CASH DISBURSEMENTS |
|--|----------------|-----------------|---------------------|----------------------|--------------------------|---------------------------|
| <u>U. S. DEPARTMENT OF AGRICULTURE</u> | | | | | | |
| <i>Passed Through the Ohio Department of Education</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution Program | 10.550 | FY2000 | \$ 0 | \$ 43,584 | \$ 0 | \$ 43,584 |
| National School Lunch Program | 10.555 | 03-PU 1999 | 6,663 | | 6,663 | |
| | | 03-PU 2000 | 45,485 | | 45,485 | |
| | | 04-PU 1999 | 25,684 | | 25,684 | |
| | | 04-PU 2000 | 177,174 | | 177,174 | |
| Total National School Lunch Program | | | 255,006 | | 255,006 | |
| School Breakfast Program | 10.553 | 05-PU 1999 | 8,345 | | 8,345 | |
| | | 05-PU 2000 | 61,153 | | 61,153 | |
| Total School Breakfast Program | | | 69,498 | | 69,498 | |
| Total U. S. Department of Agriculture - Nutrition Cluster | | | 324,504 | 43,584 | 324,504 | 43,584 |
| <u>U.S. DEPARTMENT OF EDUCATION</u> | | | | | | |
| <i>Passed through Ohio Department of Education</i> | | | | | | |
| Special Education Cluster: | | | | | | |
| Special Education Grants to States | 84.027 | 6B-SF 1999 | 0 | | 22,799 | |
| | | 6B-SF 2000 | 151,457 | | 136,343 | |
| Special Education - Preschool Grants | 84.173 | PG-S1 1999 | 0 | | 3,431 | |
| | | PG-S1 2000 | 25,545 | | 23,260 | |
| Total Special Education Cluster | | | 177,002 | | 185,833 | |
| Title I, Part A, of IASA Improving America's Schools Act (IASA) | 84.010 | C1-S1 1999 | 0 | | 17,007 | |
| | | C1-S1 1999 C | 0 | | 15,464 | |
| | | C1-SD 1999 | 0 | | 4,939 | |
| | | C1-S1 2000 | 318,161 | | 267,301 | |
| | | C1-SD 2000 | 8,885 | | 8,885 | |
| Total Title I, Part A, of IASA | | | 327,046 | | 313,596 | |
| Title VI, of IESA Innovative Education Program Strategy Act | 84.298 | C2-S1 1999 C | 1,868 | | 0 | |
| | | C2-S1 2000 | 14,074 | | 8,975 | |
| Total Title VI, of IESA | | | 15,942 | | 8,975 | |
| Eisenhower Professional Development State Grant | 84.281 | MS-S1 1998 C | 0 | | 3,282 | |
| | | MS-S1 1999 C | 0 | | 7,278 | |
| | | MS-S1 1999 | 0 | | 4,345 | |
| | | MS-S1 2000 | 13,412 | | 6,593 | |
| Total Eisenhower Professional Development State Grant | | | 13,412 | | 21,498 | |
| Safe, Drug-Free Schools & Communities Act Grant Program | 84.186 | DR-S1 1999 | 0 | | 4,764 | |
| | | DR-S1 2000 | 12,531 | | 12,531 | |
| Total Safe, Drug-Free Schools & Communities | | | 12,531 | | 17,295 | |
| Title VI-R Class Size Reduction | 84.340 | CR-S1 2000 | 66,797 | | 66,797 | |
| Total U. S. Department of Education | | | 612,730 | | 613,994 | |
| Total Federal Financial Assistance | | | \$ 937,234 | \$ 43,584 | \$ 938,498 | \$ 43,584 |

CARROLLTON EXEMPTED VILLAGE SCHOOL DISTRICT
CARROLL COUNTY

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
JUNE 30, 2000

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, 2000, 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, 2000

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 – CFDA #84.010 |
| (d) (1) (viii) | Dollar Threshold: Type A/B Programs | Type A: >\$300,000 Type B: All others |
| (d) (1) (ix) | Low Risk Auditee? | Yes |

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

| | |
|-------------|--|
| NONE | |
|-------------|--|

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

| | |
|-------------|--|
| NONE | |
|-------------|--|



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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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
MARCH 8, 2001**