



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

East Guernsey Local School District  
Guernsey County  
229 Old National Road  
Old Washington, Ohio 43768

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued a report dated November 14, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information 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.

**Jim Petro**  
Auditor of State

November 14, 2001

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**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|   | Governmental Fund Types |                    |                 |                     |
|---|-------------------------|--------------------|-----------------|---------------------|
|   | General<br>Fund         | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
| Assets and Other Debits:  |                         |                    |                 |                     |
| -----   |                         |                    |                 |                     |
| Assets:   |                         |                    |                 |                     |
| -----   |                         |                    |                 |                     |
| Equity in Pooled Cash<br>and Cash Equivalents   | \$3,123,869             | \$190,487          | \$432,441       | \$254,289           |
| Cash and Cash Equivalents:  |                         |                    |                 |                     |
| With Fiscal Agents  | 0                       | 0                  | 0               | 0                   |
| Investments   | 0                       | 0                  | 0               | 0                   |
| Receivables:  |                         |                    |                 |                     |
| Property & Other Local Taxes  | 2,435,679               | 40,445             | 242,681         | 0                   |
| Accounts  | 523                     | 0                  | 0               | 0                   |
| Intergovernmental   | 1,720                   | 92,305             | 0               | 0                   |
| Interfund Receivable  | 25,626                  | 0                  | 0               | 0                   |
| Inventory Held for Resale   | 0                       | 0                  | 0               | 0                   |
| Materials/Supplies Inventory  | 29,900                  | 0                  | 0               | 0                   |
| Prepaid Items   | 63,391                  | 3,167              | 0               | 0                   |
| Restricted Equity in Pooled<br>Cash and Cash Equivalents                              | 31,404                  | 0                  | 0               | 0                   |
| Fixed Assets  | 0                       | 0                  | 0               | 0                   |
| Accumulated Depreciation  | 0                       | 0                  | 0               | 0                   |
| Other Debits:   |                         |                    |                 |                     |
| -----   |                         |                    |                 |                     |
| Amount Available in Debt Service<br>Fund for Retirement of<br>General Obligation Debt | 0                       | 0                  | 0               | 0                   |
| Amount to be Provided from<br>General Government Resources                            | 0                       | 0                  | 0               | 0                   |
| Total Assets and Other Debits:  | \$5,712,112             | \$326,404          | \$675,122       | \$254,289           |
|   | =====                   | =====              | =====           | =====               |



| ----- Proprietary Fund Types ----- |                  | Fiduciary        | ----- Account Groups ----- |                              | Totals              |
|------------------------------------|------------------|------------------|----------------------------|------------------------------|---------------------|
| Enterprise                         | Internal Service | Trust and Agency | General Fixed Assets       | General Long Term Obligation | (Memorandum Only)   |
| \$68,690                           | \$0              | \$64,833         | \$0                        | \$0                          | \$4,134,609         |
| 0                                  | 689,058          | 0                | 0                          | 0                            | 689,058             |
| 0                                  | 0                | 44,537           | 0                          | 0                            | 44,537              |
| 0                                  | 0                | 0                | 0                          | 0                            | 2,718,805           |
| 0                                  | 0                | 0                | 0                          | 0                            | 523                 |
| 3,746                              | 0                | 0                | 0                          | 0                            | 97,771              |
| 0                                  | 0                | 0                | 0                          | 0                            | 25,626              |
| 8,649                              | 0                | 0                | 0                          | 0                            | 8,649               |
| 1,455                              | 0                | 0                | 0                          | 0                            | 31,355              |
| 3,436                              | 0                | 0                | 0                          | 0                            | 69,994              |
| 0                                  | 0                | 0                | 0                          | 0                            | 31,404              |
| 161,146                            | 0                | 0                | 10,195,965                 | 0                            | 10,357,111          |
| (147,475)                          | 0                | 0                | 0                          | 0                            | (147,475)           |
| 0                                  | 0                | 0                | 0                          | 512,442                      | 512,442             |
| 0                                  | 0                | 0                | 0                          | 1,231,371                    | 1,231,371           |
| <u>\$99,647</u>                    | <u>\$689,058</u> | <u>\$109,370</u> | <u>\$10,195,965</u>        | <u>\$1,743,813</u>           | <u>\$19,805,780</u> |

(Continued)

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|   | ----- Governmental Fund Types ----- |                    |                 |                     |
|---|-------------------------------------|--------------------|-----------------|---------------------|
|   | General<br>Fund                     | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
|   | -----                               | -----              | -----           | -----               |
| Liabilities, Fund Equity, and Other Credits:        |                                     |                    |                 |                     |
| -----   |                                     |                    |                 |                     |
| Liabilities:  |                                     |                    |                 |                     |
| -----   |                                     |                    |                 |                     |
| Accounts Payable                                    | \$56,110                            | \$1,540            | \$0             | \$16,427            |
| Accrued Wages and Benefits                          | 637,627                             | 51,105             | 0               | 0                   |
| Compensated Absences Payable                        | 24,590                              | 0                  | 0               | 0                   |
| Interfund Payable                                   | 0                                   | 25,626             | 0               | 0                   |
| Intergovernmental Payable                           | 145,905                             | 6,607              | 0               | 0                   |
| Long Term Pension Obligation                        | 0                                   | 0                  | 0               | 0                   |
| Deferred Revenue                                    | 1,657,377                           | 91,045             | 162,680         | 0                   |
| Due to Students                                     | 0                                   | 0                  | 0               | 0                   |
| Accrued Interest Payable                            | 718                                 | 0                  | 0               | 0                   |
| Claims Payable                                      | 0                                   | 0                  | 0               | 0                   |
| Capital Leases Payable                              | 0                                   | 0                  | 0               | 0                   |
| Energy Conservation Loan Payable                    | 165,000                             | 0                  | 0               | 0                   |
| General Obligation Bonds Payable                    | 0                                   | 0                  | 0               | 0                   |
|   | -----                               | -----              | -----           | -----               |
| Total Liabilities:                                  | 2,687,327                           | 175,923            | 162,680         | 16,427              |
|   | -----                               | -----              | -----           | -----               |
| Fund Equity and Other Credits:                      |                                     |                    |                 |                     |
| -----   |                                     |                    |                 |                     |
| Investment in                                       |                                     |                    |                 |                     |
| General Fixed Assets                                | 0                                   | 0                  | 0               | 0                   |
| Contributed Capital                                 | 0                                   | 0                  | 0               | 0                   |
| Retained Earnings:                                  |                                     |                    |                 |                     |
| Unreserved  | 0                                   | 0                  | 0               | 0                   |
| Fund Balances:                                      |                                     |                    |                 |                     |
| Reserved:   |                                     |                    |                 |                     |
| Reserved for Encumbrances                           | 278,602                             | 52,144             | 0               | 18,122              |
| Reserved for Inventory                              | 29,900                              | 0                  | 0               | 0                   |
| Reserved for Endowments                             | 0                                   | 0                  | 0               | 0                   |
| Reserved for Property Taxes                         | 778,302                             | 13,333             | 80,001          | 0                   |
| Reserved for Budget Stabilization                   | 31,404                              | 0                  | 0               | 0                   |
| Unreserved:   |                                     |                    |                 |                     |
| Unreserved, Undesignated                            | 1,906,577                           | 85,004             | 432,441         | 219,740             |
|   | -----                               | -----              | -----           | -----               |
| Total Fund Equity<br>and Other Credits:             | 3,024,785                           | 150,481            | 512,442         | 237,862             |
|   | -----                               | -----              | -----           | -----               |
| Total Liabilities, Fund Equity<br>and Other Credits | \$5,712,112                         | \$326,404          | \$675,122       | \$254,289           |
|   | =====                               | =====              | =====           | =====               |

See accompanying Notes to the General Purpose Financial Statements.

| ----- Proprietary Fund Types ----- |                  | ---- Fiduciary ---- | ----- Account Groups ----- |                              | Totals            |
|------------------------------------|------------------|---------------------|----------------------------|------------------------------|-------------------|
| Enterprise                         | Internal Service | Trust and Agency    | General Fixed Assets       | General Long Term Obligation | (Memorandum Only) |
| -----                              | -----            | -----               | -----                      | -----                        | -----             |
| \$3,874                            | \$0              | \$0                 | \$0                        | \$0                          | \$77,951          |
| 23,141                             | 0                | 0                   | 0                          | 0                            | 711,873           |
| 7,137                              | 0                | 0                   | 0                          | 469,875                      | 501,602           |
| 0                                  | 0                | 0                   | 0                          | 0                            | 25,626            |
| 16,379                             | 0                | 0                   | 0                          | 0                            | 168,891           |
| 0                                  | 0                | 0                   | 0                          | 59,376                       | 59,376            |
| 4,753                              | 0                | 0                   | 0                          | 0                            | 1,915,855         |
| 0                                  | 0                | 54,660              | 0                          | 0                            | 54,660            |
| 0                                  | 0                | 0                   | 0                          | 0                            | 718               |
| 0                                  | 95,290           | 0                   | 0                          | 0                            | 95,290            |
| 0                                  | 0                | 0                   | 0                          | 9,345                        | 9,345             |
| 0                                  | 0                | 0                   | 0                          | 0                            | 165,000           |
| 0                                  | 0                | 0                   | 0                          | 1,205,217                    | 1,205,217         |
| -----                              | -----            | -----               | -----                      | -----                        | -----             |
| 55,284                             | 95,290           | 54,660              | 0                          | 1,743,813                    | \$4,991,404       |
| -----                              | -----            | -----               | -----                      | -----                        | -----             |
| 0                                  | 0                | 0                   | 10,195,965                 | 0                            | 10,195,965        |
| 144,920                            | 0                | 0                   | 0                          | 0                            | 144,920           |
| (100,557)                          | 593,768          | 0                   | 0                          | 0                            | 493,211           |
| 0                                  | 0                | 0                   | 0                          | 0                            | 348,868           |
| 0                                  | 0                | 0                   | 0                          | 0                            | 29,900            |
| 0                                  | 0                | 49,477              | 0                          | 0                            | 49,477            |
| 0                                  | 0                | 0                   | 0                          | 0                            | 871,636           |
| 0                                  | 0                | 0                   | 0                          | 0                            | 31,404            |
| 0                                  | 0                | 5,233               | 0                          | 0                            | 2,648,995         |
| -----                              | -----            | -----               | -----                      | -----                        | -----             |
| 44,363                             | 593,768          | 54,710              | 10,195,965                 | 0                            | \$14,814,376      |
| -----                              | -----            | -----               | -----                      | -----                        | -----             |
| \$99,647                           | \$689,058        | \$109,370           | \$10,195,965               | \$1,743,813                  | \$19,805,780      |
| =====                              | =====            | =====               | =====                      | =====                        | =====             |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|   | Governmental Fund Types |                    |                  |                     | Fiduciary           | Totals<br>(Memorandum<br>Only) |
|---|-------------------------|--------------------|------------------|---------------------|---------------------|--------------------------------|
|   | General<br>Fund         | Special<br>Revenue | Debt<br>Service  | Capital<br>Projects | Expendable<br>Trust |                                |
| <b>Revenues (Governmental):</b>   |                         |                    |                  |                     |                     |                                |
| Property and Other Local Taxes  | \$2,107,035             | \$35,705           | \$214,230        | \$0                 | \$0                 | \$2,356,970                    |
| Intergovernmental   | 5,212,438               | 565,016            | 22,776           | 188,364             | 0                   | 5,988,594                      |
| Interest  | 242,398                 | 2,174              | 0                | 1,938               | 4                   | 246,514                        |
| Tuition and Fees  | 60,459                  | 0                  | 0                | 0                   | 0                   | 60,459                         |
| Rent  | 8,215                   | 0                  | 0                | 0                   | 0                   | 8,215                          |
| Extracurricular Activities  | 0                       | 124,792            | 0                | 0                   | 0                   | 124,792                        |
| Gifts and Donations   | 75                      | 2,196              | 0                | 0                   | 1,325               | 3,596                          |
| Miscellaneous   | 29,845                  | 128                | 0                | 0                   | 0                   | 29,973                         |
| <b>Total Revenues:</b>  | <b>7,660,465</b>        | <b>730,011</b>     | <b>237,006</b>   | <b>190,302</b>      | <b>1,329</b>        | <b>8,819,113</b>               |
| <b>Expenditures:</b>  |                         |                    |                  |                     |                     |                                |
| <b>Instruction:</b>   |                         |                    |                  |                     |                     |                                |
| Regular   | 3,339,446               | 150,168            | 0                | 68,628              | 0                   | 3,558,242                      |
| Special   | 431,032                 | 214,856            | 0                | 0                   | 0                   | 645,888                        |
| Vocational  | 251,011                 | 0                  | 0                | 0                   | 0                   | 251,011                        |
| Adult/Continuing  | 135                     | 0                  | 0                | 0                   | 0                   | 135                            |
| Other   | 13,575                  | 0                  | 0                | 0                   | 1,300               | 14,875                         |
| <b>Support services:</b>  |                         |                    |                  |                     |                     |                                |
| Pupils  | 334,326                 | 114,312            | 0                | 13,933              | 0                   | 462,571                        |
| Instructional Staff   | 221,334                 | 89,339             | 0                | 3,045               | 0                   | 313,718                        |
| Board of Education  | 14,257                  | 0                  | 0                | 0                   | 0                   | 14,257                         |
| Administration  | 766,173                 | 30,836             | 0                | 0                   | 0                   | 797,009                        |
| Fiscal  | 223,865                 | 1,016              | 5,752            | 0                   | 0                   | 230,633                        |
| Operation/Maintenance of Plant  | 646,871                 | 13,006             | 0                | 7,770               | 0                   | 667,647                        |
| Pupil Transportation  | 743,737                 | 18,558             | 0                | 0                   | 0                   | 762,295                        |
| Central   | 1,233                   | 0                  | 0                | 0                   | 0                   | 1,233                          |
| Non Instructional Services  | 216                     | 0                  | 0                | 0                   | 0                   | 216                            |
| Extracurricular activities  | 112,684                 | 98,543             | 0                | 6,998               | 0                   | 218,225                        |
| Capital Outlay  | 8,885                   | 1,123              | 0                | 0                   | 0                   | 10,008                         |
| Debt Service - Principal  | 3,997                   | 0                  | 125,000          | 0                   | 0                   | 128,997                        |
| Debt Service - Interest   | 10,660                  | 0                  | 68,303           | 0                   | 0                   | 78,963                         |
| <b>Total Expenditures:</b>  | <b>7,123,437</b>        | <b>731,757</b>     | <b>199,055</b>   | <b>100,374</b>      | <b>1,300</b>        | <b>8,155,923</b>               |
| <b>Excess of Revenues Over<br/>(Under) Expenditures:</b>                            | <b>537,028</b>          | <b>(1,746)</b>     | <b>37,951</b>    | <b>89,928</b>       | <b>29</b>           | <b>663,190</b>                 |
| <b>Other Financing Sources:</b>   |                         |                    |                  |                     |                     |                                |
| Inception of Capital Leases   | 9,345                   | 0                  | 0                | 0                   | 0                   | 9,345                          |
| <b>Total Other Financing Sources</b>  | <b>9,345</b>            | <b>0</b>           | <b>0</b>         | <b>0</b>            | <b>0</b>            | <b>9,345</b>                   |
| <b>Excess of Revenues and Other Financing<br/>Sources Over (Under) Expenditures</b> | <b>546,373</b>          | <b>(1,746)</b>     | <b>37,951</b>    | <b>89,928</b>       | <b>29</b>           | <b>672,535</b>                 |
| Fund Balances at Beginning of Year  | 2,495,109               | 152,227            | 474,491          | 147,934             | 206                 | 3,269,967                      |
| (Decrease) in Reserve for Inventory   | (16,697)                | 0                  | 0                | 0                   | 0                   | (16,697)                       |
| <b>Fund Balance at End of Year</b>  | <b>\$3,024,785</b>      | <b>\$150,481</b>   | <b>\$512,442</b> | <b>\$237,862</b>    | <b>\$235</b>        | <b>\$3,925,805</b>             |

See accompanying Notes to the General Purpose Financial Statements.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET VS. ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | -----General Fund----- |                    |  | -----Special Revenue Fund----- |                  |  |
|--|------------------------|--------------------|--|--------------------------------|------------------|--|
|  | Revised<br>Budget      | Actual             | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget              | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| <b>Revenues:</b>   |                        |                    |  |                                |                  |  |
| Taxes  | \$1,984,755            | \$1,963,058        | (\$21,697)                             | \$29,450                       | \$32,803         | \$3,353                                |
| Intergovernmental  | 5,085,519              | 5,212,538          | 127,019                                | 654,414                        | 566,644          | (87,770)                               |
| Interest   | 232,300                | 242,398            | 10,098                                 | 1,600                          | 2,174            | 574                                    |
| Tuition and Fees   | 45,466                 | 65,602             | 20,136                                 | 0                              | 0                | 0                                      |
| Rent   | 9,100                  | 8,481              | (619)                                  | 0                              | 0                | 0                                      |
| Extracurricular Activities   | 0                      | 0                  | 0                                      | 116,400                        | 124,792          | 8,392                                  |
| Gifts and Donations  | 0                      | 75                 | 75                                     | 3,350                          | 2,196            | (1,154)                                |
| Miscellaneous  | 4,200                  | 12,365             | 8,165                                  | 0                              | 128              | 128                                    |
| <b>Total Revenues:</b>   | <b>7,361,340</b>       | <b>7,504,517</b>   | <b>143,177</b>                         | <b>805,214</b>                 | <b>728,737</b>   | <b>(76,477)</b>                        |
| <b>Expenditures:</b>   |                        |                    |  |                                |                  |  |
| <b>Current:</b>  |                        |                    |  |                                |                  |  |
| <b>Instruction:</b>  |                        |                    |  |                                |                  |  |
| Regular  | 3,455,566              | 3,429,701          | 25,865                                 | 197,924                        | 141,826          | 56,098                                 |
| Special  | 431,788                | 428,904            | 2,884                                  | 228,342                        | 213,951          | 14,391                                 |
| Vocational   | 257,012                | 255,516            | 1,496                                  | 0                              | 0                | 0                                      |
| Adult/Continuing   | 1,111                  | 135                | 976                                    | 0                              | 0                | 0                                      |
| Other  | 15,980                 | 15,108             | 872                                    | 0                              | 0                | 0                                      |
| <b>Support services:</b>   |                        |                    |  |                                |                  |  |
| Pupils   | 345,053                | 343,469            | 1,584                                  | 134,001                        | 128,097          | 5,904                                  |
| Instructional Staff  | 235,879                | 231,326            | 4,553                                  | 123,240                        | 87,839           | 35,401                                 |
| Board of Education   | 16,075                 | 13,898             | 2,177                                  | 0                              | 0                | 0                                      |
| Administration   | 783,425                | 778,186            | 5,239                                  | 39,312                         | 29,926           | 9,386                                  |
| Fiscal   | 230,194                | 227,980            | 2,214                                  | 870                            | 1,016            | (146)                                  |
| Operation/Maintenance of Plant   | 707,358                | 693,641            | 13,717                                 | 39,226                         | 27,249           | 11,977                                 |
| Pupil Transportation   | 837,641                | 827,695            | 9,946                                  | 37,090                         | 18,600           | 18,490                                 |
| Central  | 1,400                  | 1,233              | 167                                    | 0                              | 0                | 0                                      |
| Non-Instructional Services   | 216                    | 216                | 0                                      | 3,844                          | 0                | 3,844                                  |
| Extracurricular activities   | 117,921                | 112,167            | 5,754                                  | 118,035                        | 114,048          | 3,987                                  |
| Capital Outlay   | 8,885                  | 8,885              | 0                                      | 0                              | 10,346           | (10,346)                               |
| Debt Service - Principal   | 50,000                 | 50,000             | 0                                      | 0                              | 0                | 0                                      |
| - Interest   | 10,555                 | 10,555             | 0                                      | 0                              | 0                | 0                                      |
| <b>Total Expenditures:</b>   | <b>7,506,059</b>       | <b>7,428,615</b>   | <b>77,444</b>                          | <b>921,884</b>                 | <b>772,898</b>   | <b>148,986</b>                         |
| <b>Excess of Revenues Over(Under) Expenditures:</b>  | <b>(144,719)</b>       | <b>75,902</b>      | <b>220,621</b>                         | <b>(116,670)</b>               | <b>(44,161)</b>  | <b>72,509</b>                          |
| <b>Other Financing Sources (Uses)</b>  |                        |                    |  |                                |                  |  |
| Proceeds from Sale of Fixed Assets   | 200                    | 0                  | (200)                                  | 0                              | 0                | 0                                      |
| Refund of Prior Year Expenditures  | 17,480                 | 17,480             | 0                                      | 0                              | 0                | 0                                      |
| Advances In  | 0                      | 130,773            | 130,773                                | 0                              | 25,626           | 25,626                                 |
| Refund of Prior Year Receipts  | (500)                  | 0                  | 500                                    | 0                              | 0                | 0                                      |
| Advances Out   | 0                      | (25,626)           | (25,626)                               | 0                              | (8,591)          | (8,591)                                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>17,180</b>          | <b>122,627</b>     | <b>105,447</b>                         | <b>0</b>                       | <b>17,035</b>    | <b>17,035</b>                          |
| <b>Excess of Revenues and Other<br/>Financing Sources Over (Under)<br/>Expenditures and Other Financing Uses</b> | <b>(127,539)</b>       | <b>198,529</b>     | <b>326,068</b>                         | <b>(116,670)</b>               | <b>(27,126)</b>  | <b>89,544</b>                          |
| Fund Balances at Beginning of Year   | 2,397,873              | 2,397,873          | 0                                      | 129,289                        | 129,289          | 0                                      |
| Prior Year Encumbrances Appropriated   | 224,454                | 224,454            | 0                                      | 34,651                         | 34,651           | 0                                      |
| <b>Fund Balance at End of Year</b>   | <b>\$2,494,788</b>     | <b>\$2,820,856</b> | <b>\$326,068</b>                       | <b>\$47,270</b>                | <b>\$136,814</b> | <b>\$89,544</b>                        |

See accompanying Notes to the General Purpose Financial Statements.

(Continued)

EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCES - BUDGET VS. ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | -----Debt Service Fund----- |                  |  | -----Capital Projects Fund----- |                  |  |
|--|-----------------------------|------------------|--|---------------------------------|------------------|--|
|  | Revised<br>Budget           | Actual           | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget               | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| Revenues:  |                             |                  |  |                                 |                  |  |
| Taxes  | \$185,000                   | \$196,818        | \$11,818                               | \$0                             | \$0              | \$0                                    |
| Intergovernmental  | 22,000                      | 22,776           | 776                                    | 188,364                         | 188,364          | 0                                      |
| Interest   | 0                           | 0                | 0                                      | 1,500                           | 1,938            | 438                                    |
| Tuition and Fees   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Rent   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Extracurricular Activities   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Gifts and Donations  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Miscellaneous  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| <b>Total Revenues:</b>   | <b>207,000</b>              | <b>219,594</b>   | <b>12,594</b>                          | <b>189,864</b>                  | <b>190,302</b>   | <b>438</b>                             |
| Expenditures:  |                             |                  |  |                                 |                  |  |
| Current:   |                             |                  |  |                                 |                  |  |
| Instruction:   |                             |                  |  |                                 |                  |  |
| Regular  | 0                           | 0                | 0                                      | 86,106                          | 81,111           | 4,995                                  |
| Special  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Vocational   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Adult/Continuing   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Other  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Support services:  |                             |                  |  |                                 |                  |  |
| Pupils   | 0                           | 0                | 0                                      | 16,782                          | 16,727           | 55                                     |
| Instructional Staff  | 0                           | 0                | 0                                      | 3,044                           | 3,045            | (1)                                    |
| Board of Education   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Administration   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Fiscal   | 5,780                       | 5,752            | 28                                     | 0                               | 0                | 0                                      |
| Operation/Maintenance of Plant   | 0                           | 0                | 0                                      | 11,760                          | 7,770            | 3,990                                  |
| Pupil Transportation   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Central  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Non-Instructional Services   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Extracurricular activities   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Capital Outlay   | 0                           | 0                | 0                                      | 20,213                          | 9,843            | 10,370                                 |
| Debt Service - Principal   | 125,000                     | 125,000          | 0                                      | 0                               | 0                | 0                                      |
| - Interest   | 68,303                      | 68,303           | 0                                      | 0                               | 0                | 0                                      |
| <b>Total Expenditures:</b>   | <b>199,083</b>              | <b>199,055</b>   | <b>28</b>                              | <b>137,905</b>                  | <b>118,496</b>   | <b>19,409</b>                          |
| <b>Excess of Revenues Over(Under) Expenditures:</b>  | <b>7,917</b>                | <b>20,539</b>    | <b>12,622</b>                          | <b>51,959</b>                   | <b>71,806</b>    | <b>19,847</b>                          |
| Other Financing Sources (Uses)   |                             |                  |  |                                 |                  |  |
| Proceeds from Sale of Fixed Assets   | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Refund of Prior Year Expenditures  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Advances In  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Refund of Prior Year Receipts  | 0                           | 0                | 0                                      | 0                               | 0                | 0                                      |
| Advances Out   | 0                           | 0                | 0                                      | 0                               | (122,182)        | (122,182)                              |
| <b>Total Other Financing Sources (Uses)</b>  | <b>0</b>                    | <b>0</b>         | <b>0</b>                               | <b>0</b>                        | <b>(122,182)</b> | <b>(122,182)</b>                       |
| <b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b> | <b>7,917</b>                | <b>20,539</b>    | <b>12,622</b>                          | <b>51,959</b>                   | <b>(50,376)</b>  | <b>(102,335)</b>                       |
| Fund Balances at Beginning of Year   | 411,907                     | 411,907          | 0                                      | 242,140                         | 242,140          | 0                                      |
| Prior Year Encumbrances Appropriated   | 0                           | 0                | 0                                      | 27,977                          | 27,977           | 0                                      |
| <b>Fund Balance at End of Year</b>   | <b>\$419,824</b>            | <b>\$432,446</b> | <b>\$12,622</b>                        | <b>\$322,076</b>                | <b>\$219,741</b> | <b>(\$102,335)</b>                     |

See accompanying Notes to the General Purpose Financial Statements.

| -----Expendable Trust Fund----- |        |  | -----Totals (Memorandum Only)----- |             |  |
|---------------------------------|--------|--|------------------------------------|-------------|--|
| Revised<br>Budget               | Actual | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget                  | Actual      | Variance<br>Favorable<br>(Unfavorable) |
| \$0                             | \$0    | \$0                                    | \$2,199,205                        | \$2,192,679 | (6,526)                                |
| 0                               | 0      | 0                                      | 5,950,297                          | 5,990,322   | 40,025                                 |
| 0                               | 4      | 4                                      | 235,400                            | 246,514     | 11,114                                 |
| 0                               | 0      | 0                                      | 45,466                             | 65,602      | 20,136                                 |
| 0                               | 0      | 0                                      | 9,100                              | 8,481       | (619)                                  |
| 0                               | 0      | 0                                      | 116,400                            | 124,792     | 8,392                                  |
| 1,100                           | 1,325  | 225                                    | 4,450                              | 3,596       | (854)                                  |
| 0                               | 0      | 0                                      | 4,200                              | 12,493      | 8,293                                  |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 1,100                           | 1,329  | 229                                    | 8,564,518                          | 8,644,479   | 79,961                                 |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 0                               | 0      | 0                                      | 3,739,596                          | 3,652,638   | 86,958                                 |
| 0                               | 0      | 0                                      | 660,130                            | 642,855     | 17,275                                 |
| 0                               | 0      | 0                                      | 257,012                            | 255,516     | 1,496                                  |
| 0                               | 0      | 0                                      | 1,111                              | 135         | 976                                    |
| 1,300                           | 1,300  | 0                                      | 17,280                             | 16,408      | 872                                    |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 0                               | 0      | 0                                      | 495,836                            | 488,293     | 7,543                                  |
| 0                               | 0      | 0                                      | 362,163                            | 322,210     | 39,953                                 |
| 0                               | 0      | 0                                      | 16,075                             | 13,898      | 2,177                                  |
| 0                               | 0      | 0                                      | 822,737                            | 808,112     | 14,625                                 |
| 0                               | 0      | 0                                      | 236,844                            | 234,748     | 2,096                                  |
| 0                               | 0      | 0                                      | 758,344                            | 728,660     | 29,684                                 |
| 0                               | 0      | 0                                      | 874,731                            | 846,295     | 28,436                                 |
| 0                               | 0      | 0                                      | 1,400                              | 1,233       | 167                                    |
| 0                               | 0      | 0                                      | 4,060                              | 216         | 3,844                                  |
| 0                               | 0      | 0                                      | 235,956                            | 226,215     | 9,741                                  |
| 0                               | 0      | 0                                      | 29,098                             | 29,074      | 24                                     |
| 0                               | 0      | 0                                      | 175,000                            | 175,000     | 0                                      |
| 0                               | 0      | 0                                      | 78,858                             | 78,858      | 0                                      |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 1,300                           | 1,300  | 0                                      | 8,766,231                          | 8,520,364   | 245,867                                |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| (200)                           | 29     | 229                                    | (201,713)                          | 124,115     | 325,828                                |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 0                               | 0      | 0                                      | 200                                | 0           | (200)                                  |
| 0                               | 0      | 0                                      | 17,480                             | 17,480      | 0                                      |
| 0                               | 0      | 0                                      | 0                                  | 156,399     | 156,399                                |
| 0                               | 0      | 0                                      | (500)                              | 0           | 500                                    |
| 0                               | 0      | 0                                      | 0                                  | (156,399)   | (156,399)                              |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 0                               | 0      | 0                                      | 17,180                             | 17,480      | 300                                    |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| (200)                           | 29     | 229                                    | (184,533)                          | 141,595     | 326,128                                |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| 207                             | 207    | 0                                      | 3,181,416                          | 3,181,416   | 0                                      |
| 0                               | 0      | 0                                      | 287,082                            | 287,082     | 0                                      |
| -----                           | -----  | -----                                  | -----                              | -----       | -----                                  |
| \$7                             | \$236  | \$229                                  | \$3,283,965                        | \$3,610,093 | \$326,128                              |
| =====                           | =====  | =====                                  | =====                              | =====       | =====                                  |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND EQUITY  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | Proprietary Fund Types |                     | Fiduciary               | Totals<br>(Memorandum<br>Only) |
|--|------------------------|---------------------|-------------------------|--------------------------------|
|  | Enterprise             | Internal<br>Service | Non-Expendable<br>Trust |                                |
| Operating Revenues:  |                        |                     |                         |                                |
| Sales  | \$189,132              | \$0                 | \$0                     | \$189,132                      |
| Charges for Services   | 0                      | 765,752             | 0                       | 765,752                        |
| Interest   | 0                      | 0                   | 3,109                   | 3,109                          |
| Contributions and Donations                                      | 0                      | 0                   | 200                     | 200                            |
| Proceeds from Sale of Fixed Assets                               | 35                     | 0                   | 0                       | 35                             |
| <b>Total Operating Revenues:</b>                                 | <b>189,167</b>         | <b>765,752</b>      | <b>3,309</b>            | <b>958,228</b>                 |
| Operating Expenses:  |                        |                     |                         |                                |
| Salaries   | 109,722                | 0                   | 0                       | 109,722                        |
| Fringe Benefits  | 62,960                 | 7,552               | 0                       | 70,512                         |
| Purchased Services   | 3,769                  | 105,688             | 0                       | 109,457                        |
| Materials and Supplies   | 21,835                 | 0                   | 0                       | 21,835                         |
| Cost of Sales  | 163,472                | 0                   | 0                       | 163,472                        |
| Depreciation   | 2,291                  | 0                   | 0                       | 2,291                          |
| Claims   | 0                      | 639,433             | 0                       | 639,433                        |
| Capital Outlay   | 4,544                  | 0                   | 0                       | 4,544                          |
| Other Operating Expenses   | 1,078                  | 0                   | 2,500                   | 3,578                          |
| <b>Total Operating Expenses:</b>                                 | <b>369,671</b>         | <b>752,673</b>      | <b>2,500</b>            | <b>1,124,844</b>               |
| <b>Operating Income (Loss):</b>                                  | <b>(180,504)</b>       | <b>13,079</b>       | <b>809</b>              | <b>(166,616)</b>               |
| Non-Operating Revenues (Expenses):                               |                        |                     |                         |                                |
| Federal Donated Commodities                                      | 18,866                 | 0                   | 0                       | 18,866                         |
| Interest   | 3,473                  | 28,932              | 0                       | 32,405                         |
| Federal and State Subsidies                                      | 142,878                | 0                   | 0                       | 142,878                        |
| <b>Total Non-Oper. Revenues (Expenses)</b>                       | <b>165,217</b>         | <b>28,932</b>       | <b>0</b>                | <b>194,149</b>                 |
| <b>Net Income (Loss)</b>   | <b>(15,287)</b>        | <b>42,011</b>       | <b>809</b>              | <b>27,533</b>                  |
| Retained Earnings/Fund Balance<br>(Deficit) at Beginning of Year | (85,270)               | 551,757             | 53,666                  | 520,153                        |
| Retained Earnings/Fund Balance<br>(Deficit) at End of Year       | (100,557)              | 593,768             | 54,475                  | 547,686                        |
| Contributed Capital at Beginning of Year                         | 144,920                | 0                   | 0                       | 144,920                        |
| Capital Contributions During the Year                            | 0                      | 0                   | 0                       | 0                              |
| <b>Contributed Capital at End of Year</b>                        | <b>144,920</b>         | <b>0</b>            | <b>0</b>                | <b>144,920</b>                 |
| <b>Total Fund Equity at End of Year</b>                          | <b>\$44,363</b>        | <b>\$593,768</b>    | <b>\$54,475</b>         | <b>\$692,606</b>               |



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND EQUITY - BUDGET VS. ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | Proprietary Fund Types |                 |  |                   |                  |  |
|--|------------------------|-----------------|--|-------------------|------------------|--|
|  | Enterprise             |                 |  | Internal Service  |                  |  |
|  | Revised<br>Budget      | Actual          | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| Operating Revenues:  |                        |                 |  |                   |                  |  |
| Sales  | 186,600                | 189,132         | \$2,532                                | 0                 | 0                | 0                                      |
| Charges for Services   | 0                      | 0               | \$0                                    | 602,000           | 765,752          | 163,752                                |
| Interest   | 0                      | 0               | \$0                                    | 0                 | 0                | 0                                      |
| Contributions and Donations  | 0                      | 35              | \$35                                   | 0                 | 0                | 0                                      |
| <b>Total Operating Revenues:</b>   | <b>186,600</b>         | <b>189,167</b>  | <b>2,567</b>                           | <b>602,000</b>    | <b>765,752</b>   | <b>163,752</b>                         |
| Operating Expenses:  |                        |                 |  |                   |                  |  |
| Salaries   | 106,646                | 106,271         | 375                                    | 0                 | 0                | 0                                      |
| Fringe Benefits  | 60,798                 | 60,285          | 513                                    | 0                 | 0                | 0                                      |
| Purchased Services   | 9,154                  | 7,269           | 1,885                                  | 108,000           | 122,563          | (14,563)                               |
| Materials and Supplies   | 185,248                | 176,374         | 8,874                                  | 0                 | 0                | 0                                      |
| Claims   | 0                      | 0               | 0                                      | 885,000           | 630,245          | 254,755                                |
| Other  | 1,150                  | 1,078           | 72                                     | 0                 | 0                | 0                                      |
| Capital Outlay   | 11,901                 | 11,649          | 252                                    | 0                 | 0                | 0                                      |
| <b>Total Operating Expenses:</b>   | <b>374,897</b>         | <b>362,926</b>  | <b>11,971</b>                          | <b>993,000</b>    | <b>752,808</b>   | <b>240,192</b>                         |
| Operating Income (Loss):   | (188,297)              | (173,759)       | 14,538                                 | (391,000)         | 12,944           | 403,944                                |
| Other Financing Sources (Uses):  |                        |                 |  |                   |                  |  |
| Non-Operating Revenues   |                        |                 |  |                   |                  |  |
| Interest   | 2,800                  | 3,473           | 673                                    | 35,000            | 28,932           | (6,068)                                |
| Federal and State Subsidies  | 134,000                | 139,132         | 5,132                                  | 0                 | 0                | 0                                      |
| <b>Total Other Financing Sources (Uses):</b>                                   | <b>136,800</b>         | <b>142,605</b>  | <b>5,805</b>                           | <b>35,000</b>     | <b>28,932</b>    | <b>(6,068)</b>                         |
| Excess of Revenues Over (Under) Expenses<br>and Other Financing Sources (Uses) | (51,497)               | (31,154)        | 20,343                                 | (356,000)         | 41,876           | 397,876                                |
| Fund Equity at Beginning of Year   | 77,191                 | 77,191          | 0                                      | 647,182           | 647,182          | 0                                      |
| Prior Year Encumbrances Appropriated   | 8,419                  | 8,419           | 0                                      | 0                 | 0                | 0                                      |
| <b>Fund Equity at End of Year</b>  | <b>\$34,113</b>        | <b>\$54,456</b> | <b>\$20,343</b>                        | <b>\$291,182</b>  | <b>\$689,058</b> | <b>\$397,876</b>                       |

See accompanying Notes to the General Purpose Financial Statements.

(Continued)

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN  
FUND EQUITY - BUDGET VS. ACTUAL (BUDGET BASIS)  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | ----- Fiduciary Fund Type -----<br>-----Non-Expendable Trust----- |                 |  | ----- Totals -----<br>----- (Memorandum Only) ----- |                  |  |
|--|---|-----------------|--|---|------------------|--|
|  | Revised<br>Budget   | Actual          | Variance<br>Favorable<br>(Unfavorable) | Revised<br>Budget                                   | Actual           | Variance<br>Favorable<br>(Unfavorable) |
| Operating Revenues:  |   |                 |  |   |                  |  |
| Sales  | 0   | 0               | 0                                      | 186,600   | 189,132          | 2,532                                  |
| Charges for Services   | 0   | 0               | 0                                      | 602,000   | 765,752          | 163,752                                |
| Interest   | 2,900   | 3,801           | 901                                    | 2,900   | 3,801            | 901                                    |
| Contributions and Donations  | 0   | 200             | 200                                    | 0   | 235              | 235                                    |
| <b>Total Operating Revenues:</b>   | <b>2,900</b>  | <b>4,001</b>    | <b>1,101</b>                           | <b>791,500</b>                                      | <b>958,920</b>   | <b>167,420</b>                         |
| Operating Expenses:  |   |                 |  |   |                  |  |
| Salaries   | 0   | 0               | 0                                      | \$106,646   | \$106,271        | \$375                                  |
| Fringe Benefits  | 0   | 0               | 0                                      | 60,798  | 60,285           | 513                                    |
| Purchased Services   | 0   | 0               | 0                                      | 117,154   | 129,832          | (12,678)                               |
| Materials and Supplies   | 0   | 0               | 0                                      | 185,248   | 176,374          | 8,874                                  |
| Claims   | 0   | 0               | 0                                      | 885,000   | 630,245          | 254,755                                |
| Other  | 2,500   | 2,500           | 0                                      | 3,650   | 3,578            | 72                                     |
| Capital Outlay   | 0   | 0               | 0                                      | 11,901  | 11,649           | 252                                    |
| <b>Total Operating Expenses:</b>   | <b>2,500</b>  | <b>2,500</b>    | <b>0</b>                               | <b>1,370,397</b>                                    | <b>1,118,234</b> | <b>252,163</b>                         |
| Operating Income (Loss):   | 400   | 1,501           | 1,101                                  | (578,897)   | (159,314)        | 419,583                                |
| Other Financing Sources (Uses):  |   |                 |  |   |                  |  |
| Non-Operating Revenues   |   |                 |  |   |                  |  |
| Interest   | 0   | 0               | 0                                      | 37,800  | 32,405           | (5,395)                                |
| Federal and State Subsidies  | 0   | 0               | 0                                      | 134,000   | 139,132          | 5,132                                  |
| <b>Total Other Financing Sources (Uses):</b>                                   | <b>0</b>  | <b>0</b>        | <b>0</b>                               | <b>171,800</b>                                      | <b>171,537</b>   | <b>(263)</b>                           |
| Excess of Revenues Over (Under) Expenses<br>and Other Financing Sources (Uses) | 400   | 1,501           | 1,101                                  | (407,097)   | 12,223           | 419,320                                |
| Fund Equity at Beginning of Year   | 52,972  | 52,972          | 0                                      | 777,345   | 777,345          | 0                                      |
| Prior Year Encumbrances Appropriated   | 0   | 0               | 0                                      | 8,419   | 8,419            | 0                                      |
| <b>Fund Equity at End of Year</b>  | <b>\$53,372</b>   | <b>\$54,473</b> | <b>\$1,101</b>                         | <b>\$378,667</b>                                    | <b>\$797,987</b> | <b>\$419,320</b>                       |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

|  | -----Proprietary Fund Types----- |                     | ----Fiduciary----      | Totals<br>(Memorandum<br>Only) |
|--|----------------------------------|---------------------|------------------------|--------------------------------|
|  | Enterprise                       | Internal<br>Service | Nonexpendable<br>Trust |                                |
|  | -----                            | -----               | -----                  | -----                          |
| Increase (Decrease) in Cash and Cash Equivalents:                  |                                  |                     |                        |                                |
| Cash Flows from Operating Activities:                              |                                  |                     |                        |                                |
| Cash Received from Customers                                       | \$189,132                        | \$0                 | \$0                    | \$189,132                      |
| Cash Received from Contributions                                   | 0                                | 0                   | 200                    | 200                            |
| Cash Received from Quasi-External<br>Transactions with Other Funds | 0                                | 765,752             | 0                      | 765,752                        |
| Other Operating Revenues   | 35                               | 0                   | 0                      | 35                             |
| Cash Payments to Suppliers for Goods and Services                  | (173,950)                        | (122,563)           | 0                      | (296,513)                      |
| Cash Payments to Employees for Services                            | (106,271)                        | 0                   | 0                      | (106,271)                      |
| Cash Payments for Employee Benefits                                | (60,285)                         | 0                   | 0                      | (60,285)                       |
| Cash Payments for Claims   | 0                                | (630,245)           | 0                      | (630,245)                      |
| Cash Payments for Scholarships                                     | 0                                | 0                   | (2,500)                | (2,500)                        |
| Other Operating Expenses   | (1,078)                          | 0                   | 0                      | (1,078)                        |
| Net Cash (Used for) Operating Activities                           | (152,417)                        | 12,944              | (2,300)                | (141,773)                      |
| Cash Flows from Non-capital Financing Activities:                  |                                  |                     |                        |                                |
| Operating Grants Received  | 139,132                          | 0                   | 0                      | 139,132                        |
| Net Provided by Non-capital Financing Activities                   | 139,132                          | 0                   | 0                      | 139,132                        |
| Cash Flows from Capital and Related Financing Activities:          |                                  |                     |                        |                                |
| Payments for Sale of Capital Acquisitions                          | (7,105)                          | 0                   | 0                      | (7,105)                        |
| Net Cash Used For Capital and Related Financing Activities         | (7,105)                          | 0                   | 0                      | (7,105)                        |
| Cash Flows from Investing Activities:                              |                                  |                     |                        |                                |
| Interest on Investments  | 3,473                            | 28,932              | 3,801                  | 36,206                         |
| Net Cash Provided by Investing Activities                          | 3,473                            | 28,932              | 3,801                  | 36,206                         |
| Net Increase (Decrease) in Cash and Cash Equivalents               | (16,917)                         | 41,876              | 1,501                  | 26,460                         |
| Cash and Cash Equivalents at Beginning of Year                     | 85,607                           | 647,182             | 8,437                  | 741,226                        |
| Cash and Cash Equivalents at End of Year                           | \$68,690                         | \$689,058           | \$9,938                | \$767,686                      |

See accompanying Notes to the General Purpose Financial Statements.

(Continued)

EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY

COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES AND NON-EXPENDABLE TRUST FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)

|   | -----Proprietary Fund Types----- |                     | ----Fiduciary----      | Totals               |
|---|----------------------------------|---------------------|------------------------|----------------------|
|   | Enterprise                       | Internal<br>Service | Nonexpendable<br>Trust | (Memorandum<br>Only) |
| Reconciliation of Operating Income (Loss) to Net<br>Cash Provided by (Used for) Operating Activities:       |                                  |                     |                        |                      |
| Operating Income (Loss)   | (\$180,504)                      | 13,079              | 809                    | (166,616)            |
| Adjustments to Reconcile Operating Income (Loss) to<br>Net Cash Provided by (Used for) Operating Activities |                                  |                     |                        |                      |
| Depreciation  | 2,291                            | 0                   | 0                      | 2,291                |
| Donated Commodities Used During Year  | 18,866                           | 0                   | 0                      | 18,866               |
| Interest  | 0                                | 0                   | (3,109)                | (3,109)              |
| Changes in Assets and Liabilities:  |                                  |                     |                        |                      |
| Increase in Prepaid Items   | (202)                            | 0                   | 0                      | (202)                |
| Increase in Inventory Held for Resale   | (2,412)                          | 0                   | 0                      | (2,412)              |
| Increase in Materials and Supplies Inventory  | (312)                            | 0                   | 0                      | (312)                |
| Increase (Decrease) in Accounts Payable   | 2,240                            | (9,323)             | 0                      | (7,083)              |
| Increase in Accrued Wages   | 2,669                            | 0                   | 0                      | 2,669                |
| Increase in Compensated Absences Payable  | 782                              | 0                   | 0                      | 782                  |
| Increase in Intergovernmental Payable   | 3,248                            | 0                   | 0                      | 3,248                |
| Increase in Claims Payable  | 0                                | 9,188               | 0                      | 9,188                |
| Increase in Deferred Revenue  | 917                              | 0                   | 0                      | 917                  |
| Total Adjustments   | 28,087                           | (135)               | (3,109)                | 24,843               |
| Net Cash (Used for) Operating Activities  | (\$152,417)                      | \$12,944            | (\$2,300)              | (\$141,773)          |
| Reconciliation:   |                                  |                     |                        |                      |
| Trust and Agency Cash & Cash Equivalents  |                                  |                     | 64,833                 |                      |
| Less: Expendable Trust Fund Cash & Cash Equivalents   |                                  |                     | (235)                  |                      |
| Less: Agency Funds Cash & Cash Equivalents  |                                  |                     | (54,660)               |                      |
| Non-Expendable Trust Fund Cash & Cash Equivalents   |                                  |                     | \$9,938                |                      |

See accompanying Notes to the General Purpose Financial Statements.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT**

The East Guernsey Local School District was formed in 1976 with the consolidation of Zane Trace Local Schools and Madison Consolidated Local Schools. The School District is located in southeastern Ohio and encompasses the eastern 45% of Guernsey County.

The East Guernsey Local School District operates under a locally elected five member board form of government and provides educational services as authorized and mandated by state and federal agencies. The School Board controls the School District's five instructional/support facilities, which are staffed by 58 classified employees, 85 certified teaching employees, and nine administrators, who provide services to approximately 1,285 students and other community members.

A. Reporting Entity

The financial reporting entity may consist of: a) the primary government, b) component units which are legally separate organizations which are fiscally dependent on the School District or for which the School District is financially accountable, and c) governmental organizations for which the primary government is not financially accountable, but for which the nature and significance of their financial relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete. In this School District, no separate governmental units meet the criteria for inclusion as a component unit.

The East Guernsey Local School District provides more than instruction to its students. These additional services include student guidance, extracurricular activities, educational media and care and upkeep of grounds and buildings. The operation of each of these activities is directly controlled by the Board of Education through the budgetary process. The School District operations form the oversight unit and are included as part of the reporting entity.

B. Potential Component Units - Excluded

The following potential component units have been excluded from the School District's financial statements because the School District is not financially accountable for these organizations, nor are these entities for which the School District approves the budget, the issuance of debt or the levying of taxes.

*Guernsey-Monroe-Noble Educational Service Center (GMNESC)*

The Guernsey-Monroe-Noble Educational Service Center is affiliated with the East Guernsey Local School District as mandated by Ohio Revised Code and provides services with funds received for that purpose from state and federal funding sources. Other services are provided on a contractual basis. The GMNESC is a separate body politic and board members are elected independently of any School District relationships.

The East Guernsey Local School District has no involvement in the selection of employees, budgeting, or management of the GMNESC. The Guernsey-Monroe-Noble Educational Service Center is not considered part of the School District and its operations are not included within the accompanying financial statements.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT** (Continued)

*Head Start Program of the Guernsey-Monroe-Noble Tri-County Community Action Committee*

Beginning with the 1991-92 school year, the School District entered into an agreement with the Guernsey-Monroe-Noble Tri-County Community Action Committee to house two of its Head Start program units in the Quaker City Elementary and Madison Elementary buildings. Head Start is a program to provide services to preschool children based on income eligibility requirements. The program serves children from the School District and surrounding areas.

Head Start is operated by the Guernsey-Monroe-Noble Tri-County CAC, which is governed by an independently appointed Board of Directors. The Board of Directors is in charge of all budgetary processes for the Community Action Commission. The East Guernsey Local School District has no control over the Community Action Commission Board processes, and only provides space and meals in exchange for reimbursement.

*East Central Ohio - Special Education Regional Resource Center (ECO-SERRC)*

ECO-SERRC is a ten-county special education service center which selects its own board, adopts its own budget and receives direct federal and state grants for its operation. The activity of ECO-SERRC will not be included as a part of the financial statements.

*Boosters: Athletic, Music and Academic; Parent-Teacher Organizations*

The School District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the school support organizations that operate within the School District. The activity of these organizations will not be included as a part of the financial statements.

*Jointly Governed Organizations and Public Entity Pools*

The School District is involved with the Ohio Mid Eastern Regional Educational Service Agency (OMERESA), and the Mid East Ohio Vocational School District, (MEOVSD) which are defined as jointly governed organizations, and the Ohio Mid Eastern Regional Educational Service Agency (OMERESA) Health Benefits Plan self insurance consortium, and the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP) workers' compensation insurance purchasing pool, which are defined as public entity pools. Additional information concerning the jointly governed organizations and the public entity pools is presented in Note 9 and Note 10.

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

The financial statements of the 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 statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements.

The more significant of the School District's accounting policies are described below.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

A. Basis of Presentation - Fund Accounting

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

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

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

**GOVERNMENTAL FUND TYPES:**

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

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

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

Debt Service Funds - The debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

Capital Projects Funds - The capital projects funds are used to account for financial resources to be used for the acquisition, renovation or construction of major capital facilities (other than those financed by proprietary funds or trust 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. The following are the School District's proprietary funds:

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises. The intent is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis are 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 accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

**FIDUCIARY FUND TYPES:**

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

Expendable Trust Funds - The expendable trust funds are accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets where both the principal and interest may be spent.

Non-expendable Trust Funds - The non-expendable trust funds are accounted for in essentially the same manner as proprietary funds; the principal of the trust must be preserved intact.

Agency Funds - The agency fund is custodial in nature and does not present results of operations or have a measurement focus. Agency funds are accounted for using the modified accrual basis of accounting. This fund is used to account for assets that the government holds for others in an agency capacity.

**ACCOUNT GROUPS:**

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

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

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

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

The accounting and financial reporting treatment applied to a fund are determined by its measurement focus. All governmental fund types and expendable trust funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet.



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

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

All proprietary funds and non-expendable trust 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 and non-expendable trust fund types operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

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

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

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

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

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The documents involved include the tax budget, the certificate of estimated resources, and the appropriations 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 established resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The School District budgets agency funds as well, but only as a local control measure and not for compliance purposes. The primary level of budgetary control is at the object level within each function for the General Fund. All other funds are appropriated at the fund level, that being the primary level of budgetary control. Any budgetary modifications at the primary level of budgetary control 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 estimated revenues for all funds. A public hearing is advertised and conducted to obtain taxpayer comments. The express purpose of the 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 Guernsey County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Guernsey 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 the 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 statement reflect the amounts in the final amended certificate issued during fiscal year 2001.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriations resolution must be legally enacted by the Board of Education at the primary levels of budgetary control. Prior to the passage of the annual appropriations measure, the Board may pass a temporary appropriations measure to meet the ordinary expenses of the School District. The appropriations resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the primary level of budgetary control. Any revisions that alter total function appropriations within the General fund, or alter object appropriations within functions of the General fund, or any revisions which alter the total of any other fund appropriation, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted, none of which were individually significant.

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

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of moneys 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. These reservations are referred to as encumbrances. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures for governmental funds, and are reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. In addition, the School District has one depository clearing account, which receives deposits from Quaker City Elementary during the school year, and is cleared into the central bank account at the end of each month. Moneys for all funds, including proprietary funds, are maintained in the depository clearing account, the central bank account, or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pooled bank account is presented as *equity in pooled cash and cash equivalents* on the balance sheet. During the fiscal year 2001, investments included STAROhio, National City Bank Autosweep repurchase agreements and a Certificate of Deposit.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The School District participates in the OMERESA insurance consortium for self insurance (see Note 10). This results in moneys held separate from the School District's central bank account by the consortium. These moneys are reflected in the School District's financial statements as *cash and cash equivalents with fiscal agents*

The School District invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during the fiscal year 2001. STAROhio is an investments pool managed by the State Treasurer's Office which allows governments within the state to pool their funds for investment purposes.

STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds. The School District distributes interest to the food service fund, expendable and non-expendable trust funds, public support funds, activity complex fund and student activity (both special revenue and agency) funds based on fund balances at the end of each month. The remainder of interest earned is credited to the general fund. In addition, the internal service self insurance fund earns and is credited interest by the fiscal agent. Interest revenue earned by the School District in fiscal year 2001 totaled \$282,720.

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 a 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. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets may include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set aside by the School District for the purchase of textbooks and instructional materials, for the acquisition, construction or improvement of capital assets and to create a reserve for budget stabilization. While the requirement for a budget stabilization fund ended before June 30, 2001, the School District will continue to recognize said funds until it properly releases the current balance in accordance with Ohio Revised Code. See Note 22 for the calculations of year end restricted asset balances and the corresponding fund balance reserves.

**F. Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased and as an expense in the proprietary fund types when used.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food and purchased food held for resale.

G. Prepaid Items

Payments made to vendors during the fiscal year 2001 for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items. The School District uses the consumption method to record a current asset for the prepaid amount and reflect the expenditure/expense in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and related assets are reported in the *general fixed assets account group*. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and/or 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 (\$500). The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the useful lives of the related fixed assets, with the length of useful life as determined by the District's fixed asset appraisal company, American Appraisal. Assets in the general fixed assets account group are not depreciated.

Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of seven to fifteen years.

I. Estimates

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

J. Short-term Interfund Assets/Liabilities

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as *due from other funds* or *due to other funds*. Short-term interfund loans are classified as *interfund receivables/payables*.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

K. Compensated Absences

The School District follows the provisions of GASB Statement 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. The School District records a liability for accumulated unused sick leave for employees to the extent it is probable that the benefits will result in termination payments based upon an estimate of past experience of making termination payments for sick leave.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. This amount is 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 obligation account group*. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

L. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds and 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 year end. There was no change in contributed capital during Fiscal Year 2001.

M. Long-term Obligations

Long-term obligations are recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligation is reported in the *general long-term obligations account group*. Long-term obligations expected to be financed from proprietary fund operations are accounted for in that fund.

Under Ohio Law, a debt service fund must be created and used for the payment of tax and revenue anticipation notes. Generally accepted accounting principles require the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, a portion of the School District's debt service fund has been combined with the appropriate fund, the ten year Energy Conservation Bonds, Debt service fund resources used to pay both principal and interest have also been allocated accordingly. That portion of the debt retirement fund used for payment of General Obligation Bonds is reported in the *general long term obligations account group*.

N. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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. There were no such transactions during 2001.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

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

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

O. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. *Unreserved fund balance* indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, and endowments for non-expendable trust fund contributions that must be kept intact.

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. The *reserve for endowments* signifies the legal restrictions on the use of principal.

P. Total Columns on General Purpose Financial Statements

Total columns on the general purpose financial statements are captioned “(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 - CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

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

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

At June 30, 2001 the following funds had a deficit fund balance or deficit retained earnings:

|                              | Deficit<br>Fund Balance | Deficit<br>Retained Earnings |
|------------------------------|-------------------------|------------------------------|
| <u>Special Revenue Fund:</u> |                         |                              |
| Title VI-R                   | \$2,689                 |                              |
| <u>Enterprise Fund:</u>      |                         |                              |
| Food Services                |                         | \$101,219                    |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE** (Continued)

The deficit in the Special Revenue Fund is largely the result of the recognition of liabilities in accordance with generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Enterprise Fund retained earnings deficit resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the funds are self-sustaining.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance and 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 vs. Actual (Budget Basis), Governmental Fund Types and Expendable Trust Fund* and the *Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget vs. Actual (Budget Basis), Proprietary Fund Types and Non-Expendable Trust Funds* are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payment on bond and short-term note obligations are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. Principal and interest payments on notes and the corresponding revenues are reported in a debt service fund (budget basis) rather than in the fund that received the proceeds (GAAP basis).

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



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING** (Continued)

Excess of Revenues and Other Financing Sources Over/(Under)  
Expenditures and Other Financing Uses for Governmental Fund Types and Similar Trust Funds

|   | General          | Special<br>Revenue | Debt<br>Service | Capital<br>Projects | Expendable<br>Trust |
|---|------------------|--------------------|-----------------|---------------------|---------------------|
| GAAP Basis                              | \$546,373        | \$(1,746)          | \$37,951        | \$89,928            | \$29                |
| Net Adjustments for Revenue Accruals    | (138,468)        | (1,274)            | (17,412)        | 0                   | 0                   |
| Net Adjustment for Expenditure Accruals | (18,159)         | 9,376              | 0               | 16,427              | 0                   |
| Prepays                                 | 63,391           | 3,167              | 0               | 0                   | 0                   |
| Inventory                               | 29,900           | 0                  | 0               | 0                   | 0                   |
| Debt Service- Principal                 | (46,003)         | 0                  | 0               | 0                   | 0                   |
| Debt Service - Interest                 | 105              | 0                  | 0               | 0                   | 0                   |
| Inception of Capital Lease              | (9,345)          | 0                  | 0               | 0                   | 0                   |
| Advances In                             | 130,773          | 25,626             | 0               | 0                   | 0                   |
| Advances Out                            | (25,626)         | (8,591)            | 0               | (122,182)           | 0                   |
| Encumbrances                            | (334,412)        | (53,684)           | 0               | (34,549)            | 0                   |
| Budget Basis                            | <u>\$198,529</u> | <u>\$(27,126)</u>  | <u>\$20,539</u> | <u>\$(50,376)</u>   | <u>\$29</u>         |

Net Income (Loss)/Excess of Revenues Over/(Under) Expenses for  
Proprietary Funds Types and Similar Trust Funds

|  | Enterprise        | Internal<br>Service | Non-Expendable<br>Trust |
|--|-------------------|---------------------|-------------------------|
| GAAP Basis                                 | \$(15,287)        | \$42,011            | \$809                   |
| Net Adjustment for Revenue Accruals        | (22,612)          | 0                   | 692                     |
| Net Adjustment for Expenditure<br>Accruals | 20,905            | (135)               | 0                       |
| Capital Outlay                             | (7,105)           | 0                   | 0                       |
| Depreciation                               | 2,291             | 0                   | 0                       |
| Prepays                                    | 3,436             | 0                   | 0                       |
| Inventory                                  | 1,455             | 0                   | 0                       |
| Encumbrances                               | (14,237)          | 0                   | 0                       |
| Budget Basis                               | <u>\$(31,154)</u> | <u>\$41,876</u>     | <u>\$1,501</u>          |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 6 - DEPOSITS AND INVESTMENTS**

State statutes require the classification of moneys held by the School District into three categories.

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

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

Interim deposits are deposits of interim monies. Interim moneys are those moneys 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.

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 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 #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, per discussion in Note 2D);
7. Certain bankers' acceptance and commercial paper notes for a period not to exceed 180 days and in an amount not to exceed 25 percent of the interim deposits available for investment at any one time; and
8. Under limited circumstances, corporate debt interest rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

In compliance with state mandates, the School District has developed an investment policy, and the Treasurer attends investment training annually. At June 30, 2001 the District's self insurance internal service fund had a cash balance of \$689,058 with OMERESA Health Benefits Plan, a claims servicing pool (see discussion under Note 10).

The money is held by the fiscal agent in a pooled account which is representative of numerous member districts and therefore cannot be classified by risk under GASB Statement 3. The classification of cash and cash equivalents and investments for the OMERESA Health Benefits Plan as a whole may be obtained from the fiscal agent, the Jefferson County Educational Service Center. To obtain information, write to the Ohio Mid Eastern Regional Education Service Agency Health Benefits Plan, Debra Campana, 2023 Sunset Boulevard, Steubenville, Ohio, 43952.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3 , "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

- A. Deposits: At fiscal year end, the carrying amount of the District's deposits was \$(63,506) and the bank balance was \$58,935. Of the bank balance, \$58,935 was covered by federal depository insurance, and no School District funds were uninsured and uncollateralized.
  
- B. Investments: GASB Statement 3 requires the School District to categorize investments 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 counter-party'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 counter-party or by its trust department or agent but not in the School District's name. The School District invests in STAROhio which is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form. The carrying value and market value of the School District's STAROhio account on June 30, 2001 was \$4,274,056.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 6 - DEPOSITS AND INVESTMENTS** (Continued)

The classifications of *cash and cash equivalents* and *investments* on the combined financial statements are based on criteria set forth in GASB Statement 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that Use Proprietary Fund Accounting". Cash and cash equivalents are defined to include investments of the cash management pool and investments with maturities of three months or less at the time of their purchase by the School District.

A reconciliation between the classifications of cash and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement 3 is as follows:

|                        | Cash and Cash<br>Equivalents/Deposits | Investments |
|------------------------|---------------------------------------|-------------|
| GASB Statement No. 9   | \$4,166,013                           | \$44,537    |
| Investments:           |                                       |             |
| Certificate of Deposit | 44,537                                | (44,537)    |
| STAROhio               | (4,274,056)                           | 4,274,056   |
| GASB Statement No. 3   | \$(63,506)                            | \$4,274,056 |

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes.

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value. Assessed values for real property taxes are established by state law at 35 percent of appraised market value.

All property is required to be revalued every six years. Updates in value may also be processed at three-year mid-intervals, known as triennial updates. The last reappraisal year for Guernsey County was 1997, for collection in 1998. The assessed values upon which the fiscal year 2001 taxes were collected are:

|   | 2001 Second-<br>Half Values |         | 2002 First-<br>Half Values |         |
|---|-----------------------------|---------|----------------------------|---------|
|   | Amount                      | Percent | Amount                     | Percent |
| Agricultural/Residential and<br>Other Real Estate | \$54,085,880                | 82.30%  | \$62,735,030               | 84.67%  |
| Public Utility Personal                           | 7,984,930                   | 12.15   | 8,194,100                  | 11.06   |
| Tangible Personal Property                        | 3,650,340                   | 5.55    | 3,165,730                  | 4.27    |
| Total Assessed Values                             | \$65,721,150                | 100.00% | \$74,094,860               | 100.00% |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 7 - PROPERTY TAXES** (Continued)

|  |          |         |
|--|----------|---------|
| Tax rate per \$1,000 of assessed valuation | \$ 38.65 | \$38.25 |
|--|----------|---------|

Real property taxes are payable annually or semiannually. If paid annually, payment is due February 20; if paid semiannually, the first payment is due February 20 with the remainder payable by June 20. Under certain circumstances, state statute permits earlier or 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 May 10; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued *property taxes receivable* represent delinquent taxes outstanding and real property taxes, tangible personal property taxes and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is reflected as a reservation of fund balance. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$778,302 in the General Fund, \$80,001 in the Debt Service Fund and \$13,333 in the Facilities Maintenance Fund. The amount available as an advance at June 30, 2000 was \$634,325 in the General Fund, \$62,589 in the Debt Service Fund and \$10,431 in the Facilities Maintenance Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, accounts (fees and tuition) and intergovernmental grants and reimbursements. All receivables are considered collectable in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables appears in the following table.

| <u>Fund</u>                                   | <u>Amount</u> |
|---|---------------|
| General Fund                                  |               |
| Tuition - Other School Districts              | \$1,720       |
| Special Revenue Funds:                        |               |
| Eisenhower Grant Fund                         | \$626         |
| 21 <sup>st</sup> Century Learning Center Fund | 91,679        |
| Total Special Revenue Fund                    | \$92,305      |
| Enterprise Fund                               |               |
| Food Service Fund                             | 3,746         |
| Total Intergovernmental Receivables           | \$97,771      |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 9 - JOINTLY GOVERNED ORGANIZATIONS**

Mid East Ohio Vocational School District

The Mid East Ohio Vocational School District (MEOVSD) is a jointly governed organization providing vocational services to its thirteen member school districts. The MEOVSD is governed by a board of education consisting of thirteen members appointed by the participating schools. The board controls the financial activity of the MEOVSD and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the MEOVSD is not dependent on the District's continued participation and no equity interests exist.

Ohio Mid-Eastern Regional Education Service Agency

The School District is a participant in the Ohio Mid-Eastern Regional Educational Service Agency (OMERESA), a jointly governed organization created as a regional council of governments pursuant to state statutes. OMERESA provides financial accounting services, educational management information services, cooperative purchase services and legal services to member districts. Each member School District pays an annual fee for services provided by OMERESA. OMERESA is governed by a board of directors which is selected by the member districts. Each School District has one vote in all matters, and each member district's control over budgeting and financing of OMERESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Educational Service Center serves as the fiscal agent and receives funding from the State Department of Education. The School District paid OMERESA \$29,706 for services provided during the fiscal year. The continued existence of OMERESA is not dependent on the District's continued participation and no equity interests exist. OMERESA has no outstanding debt.

**NOTE 10 - PUBLIC ENTITIES POOLS**

As mentioned earlier (see Note 1), the School District participates in public entity pools that facilitate the acquisition of services in a cost effective manner by combining administration, financing and other aspects with other public entities (districts). Those pools are discussed in more detail in the following paragraphs.

A. Insurance Purchasing Pool

The School District participates in the Ohio School Boards' Association Workers' Compensation Group Rating Program (GRP), a workers' compensation insurance purchasing pool.

The GRP's business and affairs are conducted by a three-member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards' Association (OSBA). The Executive Director of the OSBA, or his/her designee, serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 10 - PUBLIC ENTITIES POOLS** (Continued)

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

**B. Claims Servicing Pool**

The School District belongs to the Ohio Mid Eastern Regional Educational Service Agency (OMERESA) Health Benefits Plan, a self insurance pool comprised of forty-nine member school districts. Each member School District has a voting interest in the pool. The Plan's business and affairs are conducted by a nine member Board of Directors elected by the member districts. Each member pays a monthly premium based on their claims history plus a monthly administrative fee. All participating members retain their risk and the plan acts as a claims servicing agent. The OMERESA serves as fiscal agent for the Plan, and Self Funded Plans, Inc serves as the District's third party administrator.

**NOTE 11 - FIXED ASSETS**

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

|                               |                        |
|-------------------------------|------------------------|
| Furniture and Equipment       | \$161,146              |
| Less: Accumulate Depreciation | <u>(147,475)</u>       |
| Net Fixed Assets              | <u><u>\$13,671</u></u> |

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

|  | <u>Balance</u><br><u>June 30, 2000</u> | <u>Additions</u>         | <u>Deletions</u>        | <u>Balance</u><br><u>June 30, 2001</u> |
|--|--|--------------------------|-------------------------|--|
| Land                                       | \$ 72,901                              | \$ 0                     | \$ 0                    | \$ 72,901                              |
| Land Improvements                          | 388,027                                | 0                        | 0                       | 388,027                                |
| Buildings and Improvements                 | 7,343,292                              | 0                        | 0                       | 7,343,292                              |
| Machinery/Equipment/<br>Furniture/Fixtures | 1,194,827                              | 86,110                   | 16,591                  | 1,264,346                              |
| Vehicles                                   | <u>1,071,138</u>                       | <u>56,261</u>            | <u>0</u>                | <u>1,127,399</u>                       |
| Totals                                     | <u><u>\$10,070,185</u></u>             | <u><u>\$ 142,371</u></u> | <u><u>\$ 16,591</u></u> | <u><u>\$10,195,965</u></u>             |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 12 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omission; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Harcum-Hyre/Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$250 deductible for loss of scheduled items, a \$500 deductible for certain crimes, and a \$1,000 deductible for other property losses.

Professional and general liability is protected by the Harcum-Hyre/Nationwide Insurance Company with a \$2,000,000 single occurrence limit and a \$1,000 deductible. Vehicles are covered by Nationwide Insurance Company and have no deductible for comprehensive and a \$250 deductible for collision. Automobile liability has a \$2,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past twenty years. There have been no significant reductions in insurance coverage from last year.

Health and dental coverage are provided on a self-insured basis through Ohio Mid Eastern Regional Education Service Agency Health Benefits Plan. The third party administrator, Self Funded Plans, Inc reviews and pays the claims. The School District pays monthly premiums of \$547.51 for family coverage (full rate is \$594.75) and \$226.36 for individual coverage (full rate is \$245.88). Premiums for dental coverage are \$32.93 monthly for family and \$13.12 monthly for single coverage, paid in full by the Board of Education. Vision insurance is available to employees enrolling in a mandatory steerage preferred provider organization plan. Those premiums are \$19.15 per month for family coverage, \$8.56 per month for single coverage and are paid in full by the Board of Education. Premiums are charged to the same funds that pay the employees' salaries.

The claims liability of \$95,290 reported in the Internal Service fund at June 30, 2001 is based on the requirements of GASB Statement 10 which requires that a liability for unpaid claims costs, including estimates of costs relating to incurred but not reported claims, be reported. The claims liability is based on records of actual fiscal year 2001 claims paid July 1, 2001 through August 31, 2001. Changes in the funds' claims liability in 2000 and 2001 were:

|      | <u>Balance at Beginning<br/>Of Year</u> | <u>Current<br/>Year Claims</u> | <u>Claims<br/>Payments</u> | <u>Balance at End<br/>Of Year</u> |
|------|---|--------------------------------|----------------------------|-----------------------------------|
| 2000 | \$ 105,558                              | 627,873                        | 647,329                    | \$ 86,102                         |
| 2001 | \$ 86,102                               | 639,433                        | 630,245                    | \$ 95,290                         |

**NOTE 13 - 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 pension benefit plan administered by the SERS Retirement Board. 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. The report may be obtained by writing to the SERS, 45 North Fourth Street, Columbus, Ohio 43215.



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 13 - DEFINED BENEFIT PENSION PLANS** (Continued)

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 rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the School Employees Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2001, 2000 and 1999 were \$140,949, \$132,012, and \$118,854 respectively; 32.76 percent has been contributed for fiscal year 2001 and 100 percent has been contributed for the fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, \$94,773 is recorded as a liability within the respective funds and the *general long term obligations account group*.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salary and the School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. For Fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ending June 30, 2001, 2000 and 1999 were \$545,360, \$463,018, and \$426,782 respectively; 83.93 percent has been contributed for fiscal year 2001 and 100 percent has been contributed for the fiscal years 2000 and 1999. The unpaid contribution for fiscal year 2001, \$87,668 is recorded as a liability within the respective funds.

**C. Social Security System**

Effective July 1, 1991, all compensated persons not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the SERS/STRS.

As of June 30, 2001, four members of the Board of Education elected social security; the other one has elected SERS. The Board's liability for those members electing Social Security is 6.2 percent of wages paid.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 14 - POST-EMPLOYMENT BENEFITS**

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System, and to retired classified employees and their dependents through the School Employees Retirement System. Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by either system based on authority granted by state statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employers' contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001 the STRS board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For East Guernsey Local School District this amount equaled \$175,294 during the 2001 fiscal year. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the fund was \$3,419,000,000 at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

For the 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 25 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 to SERS is allocated to providing health care benefits. For the fiscal year 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 1.3 percent in 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 members' pay, prorated for partial service credit. For fiscal year 2001, the minimum pay was established as \$12,400. For the District, the amount to fund health care benefits including surcharge equaled \$114,776 for fiscal year 2001.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available) were \$140,696,340 and the target level was \$211,000,000. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252,300,000. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 15 - OTHER EMPLOYEE BENEFITS**

A. Compensated Absences

The criteria for determining vested vacation and sick leave benefits are derived from negotiated agreements and state laws. Central office employees, 260-day supervisors, 260-day administrators, and 260 day custodians earn ten to twenty-five days of vacation per year, depending upon length of service and/or board action. Accumulated unused vacation time is paid upon termination of employment. Teachers, administrators and classified employees who work less than 260 days per year do not earn vacation time.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 15 - OTHER EMPLOYEE BENEFITS** (Continued)

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. As of June 30, 2001, sick leave may be accumulated up to a maximum 246 days. Upon retirement, certified or classified employees may receive payment for one-fourth of the total sick leave accumulation, if SERS/STRS retirement prerequisites are met.

The amount of accumulated vacation and sick leave of employees paid from governmental funds that meets the eligibility requirements has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the *general long term obligation account group*. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund when earned. The amount of compensated absences outstanding at June 30, 2001 for all funds and account groups was \$501,602.

**B. Other Insurance Options**

The School District provides life insurance and accidental death and dismemberment insurance to all regular employees through Medical Life Insurance Company, in the amount of \$20,000; except that administrative personnel are provided \$50,000 coverage.

**NOTE 16 - CAPITAL LEASES**

The East Guernsey Local School District has entered into capitalized leases for copy equipment. The leases are reflected as other financing sources at the net present value of future minimum lease payment, and as capital outlay in the respective governmental fund type. The leases meet the criteria of a capital lease set forth in the Statement of Financial Accounting Standards No. 13 'Accounting for Leases', which defines a capital lease as one which transfers benefits and risks of ownership to the lessee.

Capital lease payments are reflected as debt service expenditures in the general purpose financial statement for governmental funds. Equipment acquired for lease has been capitalized in the *general fixed assets account group* in the amount of \$9,345, which is the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the *general long term obligation account group*. Principal payment in fiscal year 2001 totaled \$3,997 cash payments.

Future lease payments for these capital leases through the year 2002 are as follows:

|                                  |                 |
|----------------------------------|-----------------|
| Fiscal Year Ending June 30, 2002 | \$ 14,220       |
| Less: Amount of Interest         | <u>4,875</u>    |
| Present Value of Lease Payments: | <u>\$ 9,345</u> |

**NOTE 17 - LONG TERM OBLIGATIONS**

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

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 17 - LONG TERM OBLIGATIONS** (Continued)

|   | <u>Outstanding<br/>June 30, 2000</u> | <u>Additions</u> | <u>Deletions</u> | <u>Outstanding<br/>June 30, 2001</u> |
|---|--------------------------------------|------------------|------------------|--------------------------------------|
| 1992 Series<br>School Improvement Variable<br>Interest General Obligation Bonds | \$1,330,217                          | \$ 0             | \$125,000        | \$1,205,217                          |
| Long Term Pension Obligation  | 62,138                               | 59,376           | 62,138           | 59,376                               |
| Capital Lease   | 3,997                                | 9,345            | 3,997            | 9,345                                |
| Compensated Absences  | <u>462,134</u>                       | <u>44,872</u>    | <u>37,131</u>    | <u>469,875</u>                       |
| Total General Long Term Obligations:  | <u>\$1,858,486</u>                   | <u>\$113,593</u> | <u>\$228,266</u> | <u>\$1,743,813</u>                   |

The 1992 School Improvement general obligation bonds were used to fund the construction of a new high school and sewage treatment facility, and the renovations of existing school buildings, as approved by voters in May 1985. The bonds were issued with variable rates of interest, which range from 5.4 percent to 6.0 percent on bonds outstanding as of June 30, 2001. The issue is being repaid from property taxes. The final principal/interest payment on this issue is scheduled for December 1, 2009.

The School District has received State Classroom Facilities monies that were being repaid from property tax collections, with no interest. As a result of legislative changes in 1997, school districts with below average valuation per pupil participating in the building assistance program were eligible to enter a supplemental agreement with the Ohio School Facilities Commission. The agreement allows the School District to retain the half-mill tax collection locally for the maintenance of classroom facilities. The School District entered into its agreement in December 1997, and has since begun receipting allocated tax collections into special revenue fund 034 (Facilities Maintenance Fund). Should the School District's adjusted valuation per pupil become greater than the state average in the future, one half of the tax collections would be used to repay the outstanding loan balance. However, currently the School District ranks 569<sup>th</sup> in its assessed value ranking of 612 school districts in the state. Due to the District's assessed value being significantly below the state school district average, the likelihood that the School District will be required to repay its outstanding classroom facilities loan is remote.

Annual debt service requirements to maturity for the 1992 School Improvement bonds, which includes interest of \$543,973 are as follows:

| Fiscal Year Ending June 30, | Amount             |
|-----------------------------|--------------------|
| 2002                        | \$196,075          |
| 2003                        | 193,615            |
| 2004                        | 199,800            |
| 2005                        | 199,800            |
| 2006-2010                   | <u>959,900</u>     |
| Total Debt Service          | <u>\$1,749,190</u> |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 17 - LONG TERM OBLIGATIONS** (Continued)

Capital leases will be paid from general fund as discussed in Note 16. The School District will pay compensated balances out of the funds from which employees are paid, as discussed in Note 15.

**NOTE 18 - NOTE ACTIVITY**

The following table represents note activity in the School District during the fiscal year 2001:

|                           | <u>Outstanding<br/>June 30, 2000</u> | <u>Additions</u> | <u>Deletions</u> | <u>Outstanding<br/>June 30, 2001</u> |
|---------------------------|--------------------------------------|------------------|------------------|--------------------------------------|
| General Fund              |                                      |                  |                  |                                      |
| Energy Conservation Notes | \$ 215,000                           | \$ 0             | \$ 50,000        | \$ 165,000                           |

The 1993 Energy Conservation notes were used to fund modifications and renovations of existing school buildings and installation of energy conservation measures as approved by the East Guernsey Local Board of Education and the Ohio Department of Education in March 1993. The notes were issued with variable rates of interest, ranging from 5.4 percent to 5.75 percent on notes outstanding as of June 30, 2001. As stipulated by Board resolution, the notes are being repaid from property tax collections. It is an integral assumption of the project that related energy costs will decrease in a sufficient amount to offset the repayment of the debt over a ten-year period. The final principal/interest payment on this issue is scheduled for December 1, 2003. Annual debt service requirements to maturity for the Energy Conservation Notes, which includes interest of \$14,595 are as follows:

| Fiscal Year Ending June 30, | Amount           |
|-----------------------------|------------------|
| 2002                        | \$ 57,880        |
| 2003                        | 59,990           |
| 2004                        | <u>61,725</u>    |
| Total Debt Retirement       | <u>\$179,595</u> |

**NOTE 19 - INTERFUND ACTIVITY**

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

| Interfund<br>Fund Type/Fund                       | Receivable      | Payable         |
|---|-----------------|-----------------|
| General Fund                                      | \$25,626        | \$ 0            |
| Special Revenue Fund:                             |                 |                 |
| Eisenhower Fund                                   | 0               | 626             |
| 21 <sup>st</sup> Century Learning<br>Center Grant | <u>0</u>        | <u>25,000</u>   |
| Total All Funds:                                  | <u>\$25,626</u> | <u>\$25,626</u> |

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 20 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and a community education fund. The following table reflects the more significant financial data relating to the enterprise funds of the East Guernsey Local School District as of and for the fiscal year ended June 30, 2001.

|                                       | <u>Food Service</u> | <u>Community Education</u> | <u>Total</u> |
|---------------------------------------|---------------------|----------------------------|--------------|
| Operating Revenues                    | \$189,167           | 0                          | \$189,167    |
| Operating Expenses (Net Depreciation) | 367,380             | 0                          | 367,380      |
| Depreciation Expense                  | 2,291               | 0                          | 2,291        |
| Operating Income (Loss)               | (180,504)           | 0                          | (180,504)    |
| Donated Commodities                   | 18,866              | 0                          | 18,866       |
| Interest Earnings                     | 3,473               | 0                          | 3,473        |
| Operating Grants                      | 142,878             | 0                          | 142,878      |
| Net Income (Loss)                     | (15,287)            | 0                          | (15,287)     |
| Net Working Capital                   | 30,030              | 662                        | 30,692       |
| Total Assets                          | 98,985              | 662                        | 99,647       |
| Total Equity                          | 43,701              | 662                        | 44,363       |
| Encumbrances at June 30, 2001         | \$14,237            | 0                          | \$14,237     |

**NOTE 21 - SCHOOL FUNDING COURT DECISION**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 14, 2001 the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 21 - SCHOOL FUNDING COURT DECISION** (Continued)

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

**NOTE 22 - SET ASIDE CALCULATIONS AND FUND RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for 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. In addition, the School District is required to set aside money for budget stabilization in an amount equal to Bureau of Workers Compensation rebates. The School District also receives money designated for school bus purchases, and as of fiscal year 2001 all school bus purchase money has been expended.

The following cash basis information describes the changes in the year end set aside amounts for textbooks and instructional materials, capital improvements and budget stabilization. The School District had offsets and qualifying disbursements during the year that reduced the set aside amounts below zero. These extra amounts may not be used to reduce the set aside requirements of future years for the capital improvements category, therefore negative amounts are not presented as being carried forward to the next fiscal year for that category. However, such extra amounts may be used to reduce set aside amounts for future years for the textbooks and instructional materials category, therefore those negative amounts will be presented as being carried forward to the next fiscal year. Disclosure of this information is required by State statute.

|   | <u>Budget Stabilization</u> | <u>Textbooks &amp;<br/>Instructional<br/>Materials</u> | <u>Capital<br/>Improvements</u> |
|---|-----------------------------|--|---------------------------------|
| Set Aside Cash Balance June 30, 2000    | \$ 121,105                  | \$ (8,781)   | \$ 0                            |
| Current Year Set Aside Requirement      | 0                           | 152,152  | 152,152                         |
| Unreserved/Undesignated by District     | (89,701)                    | 0  | 0                               |
| Qualifying Offsets During the Year      | 0                           | 0  | (36,913)                        |
| Qualifying Expenditures During the Year | <u>0</u>                    | <u>(186,718)</u>                                       | <u>(163,034)</u>                |
| Total:                                  | <u>\$ 31,404</u>            | <u>\$ (43,437)</u>                                     | <u>\$ (47,795)</u>              |
| Set Aside Cash Balance June 30, 2001    | \$ 31,404                   | \$ 0   | \$ 0                            |
| Set Aside Balance carried forward       | \$ 0                        | \$ 43,437  | \$ 0                            |

**NOTE 23 - CONTINGENCIES**

Grants:

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

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE 23 - CONTINGENCIES** (Continued)

Litigation:

The School District is not party to any pending litigation as of June 30, 2001.



**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

| <b>FEDERAL GRANTOR</b><br><i>Pass-Through Grantor</i><br>Program Title                      | Federal<br>CFDA<br>Number | Pass-Through<br>Entity<br>Number | Receipts         | Non-Cash<br>Receipts | Disbursements    | Non-Cash<br>Disbursements |
|---|---------------------------|----------------------------------|------------------|----------------------|------------------|---------------------------|
| <b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>  |                           |                                  |                  |                      |                  |                           |
| <i>Passed Through Ohio Department of Education:</i>   |                           |                                  |                  |                      |                  |                           |
| Child Nutrition Cluster   |                           |                                  |                  |                      |                  |                           |
| Food Distribution Program   | 10.550                    | N/A                              | \$0              | \$19,352             | \$0              | \$18,866                  |
| School Breakfast Program  | 10.553                    | 069682-05-PU-00-00/01            | 27,820           |                      | 27,820           |                           |
| National School Lunch Program   | 10.555                    | 069682-LL-P1/P4-00-00/01         | 100,183          |                      | 100,183          |                           |
| Summer Food Service Program for Children  | 10.559                    | 069682-05-PU-00-00               | 2,173            |                      | 2,173            |                           |
| Total United States Department of Agriculture - Nutrition Cluster                           |                           |                                  | <b>130,176</b>   | <b>19,352</b>        | <b>130,176</b>   | <b>18,866</b>             |
| <b>UNITED STATES DEPARTMENT OF EDUCATION</b>  |                           |                                  |                  |                      |                  |                           |
| <i>Passed Through Ohio Department of Education:</i>   |                           |                                  |                  |                      |                  |                           |
| Grants to Local Educational Agencies<br>(ESEA Title I)                                      | 84.010                    | 069682-C1-S1-01                  | 196,743          |                      | 207,431          |                           |
| Special Education Grants to States<br>(IDEA Part B)   | 84.027                    | 069682-6B-SF-00P                 | 105,092          |                      | 103,704          |                           |
| Drug Free Schools and Communities Act   | 84.186                    | 069682-DR-S1-01                  | 5,463            |                      | 5,463            |                           |
| Goals 2000 - State and Local Education<br>Systematic Improvement Grants                     | 84.276                    | 069682-GS-S2-00/01               | 35,000           |                      | 16,636           |                           |
| Eisenhower Professional Development Grant   | 84.281                    | 069682-MS-S1-01                  | 5,637            |                      | 6,263            |                           |
| Twenty-First Century Community Learning Centers   | 84.287                    | N/A                              |                  |                      | 16,596           |                           |
| Innovative Education Program Strategies   | 84.298                    | 069682-C2-S1-01                  | 6,520            |                      | 6,520            |                           |
| Title VI of ESEA - Class Size Reduction   | 84.340                    | 069682-CR-S1-01                  | 38,581           |                      | 36,041           |                           |
| Total United States Department of Education   |                           |                                  | <b>393,036</b>   |                      | <b>398,654</b>   |                           |
| <b>FEDERAL EMERGENCY MANAGEMENT AGENCY</b>  |                           |                                  |                  |                      |                  |                           |
| <i>Passed Through Ohio Department of Public Safety/Ohio Emergency<br/>Management Agency</i> |                           |                                  |                  |                      |                  |                           |
| Federal Emergency Management Agency: Small<br>Projects Program                              | 83.544                    | FEMA -DR-1227                    |                  |                      | 2,756            |                           |
| Total Federal Emergency Management Agency   |                           |                                  |                  |                      | <b>2,756</b>     |                           |
| <b>TOTAL FEDERAL AWARDS RECEIPTS AND EXPENDITURES</b>                                       |                           |                                  | <b>\$523,212</b> | <b>\$19,352</b>      | <b>\$531,586</b> | <b>\$18,866</b>           |

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

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

East Guernsey Local School District  
Guernsey County  
229 Old National Road  
Old Washington, Ohio 43768

To the Board of Education:

We have audited the general purpose financial statements of the East Guernsey Local School District, Guernsey County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated November 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

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

**Internal Control Over Financial Reporting**

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

East Guernsey Local School District  
Guernsey County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page -2-

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

**Jim Petro**  
Auditor of State

November 14, 2001



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

East Guernsey Local School District  
Guernsey County  
229 Old National Road  
Old Washington, Ohio 43768

To the Board of Education:

**Compliance**

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

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

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

**Internal Control over Compliance**

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

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

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

**Jim Petro**  
Auditor of State

November 14, 2001

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

|  |
|--|
| <b>1. SUMMARY OF AUDITOR'S RESULTS</b> |
|--|

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

**EAST GUERNSEY LOCAL SCHOOL DISTRICT  
GUERNSEY COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**EAST GUERNSEY LOCAL SCHOOL DISTRICT**

**GUERNSEY COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
DECEMBER 4, 2001**