



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

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**STATE OF OHIO**



**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Trimble Local School District, Athens County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust funds for the year then ended in conformity with generally accepted accounting principles.

The accompanying general purpose financial statements have been prepared assuming the School District will continue as a going concern. The Auditor of State declared the School District to be in Fiscal Emergency status on January 31, 2001 because of the following conditions:

- An operating deficit in the General Fund was projected for June 30, 2001 that exceeded 8% of General Fund revenue for the preceding fiscal year;
- The fiscal year 2000 General Fund unencumbered cash balance was less than 8% of fiscal year 2000 General Fund expenditures; and,
- The School District has not been able to pass additional tax levies by the voters of the School District.

These matters raise substantial doubt about the School District's ability to continue as a going concern. These matters, and management's plans regarding them, are described in Note 1 to the general purpose financial statements. The general purpose financial statements do not include any adjustments that might result from the outcome of this uncertainty.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 11, 2002, 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.

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

December 11, 2002

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Trimble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$376,835	\$303,126	\$206,840	\$630,883
Cash and Cash Equivalents in Segregated Accounts	0	373	0	0
Cash and Cash Equivalents with Fiscal and Escrow Agents	0	0	34,463	48,847
Investments	0	0	0	0
Receivables:				
Property Taxes	608,270	14,580	137,950	0
Accounts	29,901	0	0	0
Intergovernmental	120	224,290	0	0
Interfund	8,437	0	0	0
Prepaid Items	15,819	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	13,940	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	152,236	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$1,205,558</b>	<b>\$542,369</b>	<b>\$379,253</b>	<b>\$679,730</b>

The notes to the financial statements are an integral part of this statement.



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$10,718	\$10,762	\$0	\$0	\$1,539,164
0	0	0	0	373
0	0	0	0	83,310
0	15,805	0	0	15,805
0	0	0	0	760,800
10	0	0	0	29,911
0	0	0	0	224,410
0	0	0	0	8,437
0	0	0	0	15,819
7,036	0	0	0	7,036
1,259	0	0	0	15,199
0	0	0	0	152,236
134,323	0	23,733,516	0	23,867,839
0	0	0	211,445	211,445
0	0	0	1,983,623	1,983,623
<u>\$153,346</u>	<u>\$26,567</u>	<u>\$23,733,516</u>	<u>\$2,195,068</u>	<u>\$28,915,407</u>

(continued)

Trimble Local School District, Ohio  
 Combined Balance Sheet  
 All Fund Types and Account Groups (Continued)  
 June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
<u>Liabilities:</u>				
Accounts Payable	\$58,974	\$10,600	\$0	\$2,288
Contracts Payable	0	0	0	86,626
Accrued Wages and Benefits Payable	611,868	156,102	0	0
Compensated Absences Payable	57,531	0	0	0
Retainage Payable	0	0	0	54,771
Interfund Payable	0	1,335	0	7,102
Capital Leases Payable	0	0	0	0
Intergovernmental Payable	101,113	17,406	0	0
Deferred Revenue	597,967	167,917	133,345	0
Due to Students	0	0	0	0
Matured Bonds Payable	0	0	30,000	0
Matured Interest Payable	0	0	4,463	0
State Operating Loan Payable	472,500	0	0	0
Early Retirement Incentive Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>1,899,953</b>	<b>353,360</b>	<b>167,808</b>	<b>150,787</b>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings (Deficit)	0	0	0	0
<u>Fund Balance:</u>				
Reserved for Encumbrances	5,484	21,131	0	74,849
Reserved for Contributions	0	0	0	0
Reserved for Inventory	13,940	0	0	0
Reserved for Property Taxes	3,101	0	3,992	0
Reserved for Bus Purchase	99,275	0	0	0
Reserved for Textbooks	52,961	0	0	0
<u>Unreserved:</u>				
Designated for Textbooks	516	0	0	0
Designated for Capital Maintenance	254	0	0	0
Undesignated (Deficit)	(869,926)	167,878	207,453	454,094
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b>(694,395)</b>	<b>189,009</b>	<b>211,445</b>	<b>528,943</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$1,205,558</b>	<b>\$542,369</b>	<b>\$379,253</b>	<b>\$679,730</b>

The notes to the financial statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$40	\$0	\$0	\$0	\$71,902
0	0	0	0	86,626
27,495	0	0	0	795,465
9,080	0	0	467,585	534,196
0	0	0	0	54,771
0	0	0	0	8,437
0	0	0	84,143	84,143
9,646	0	0	52,606	180,771
0	0	0	0	899,229
0	9,762	0	0	9,762
0	0	0	0	30,000
0	0	0	0	4,463
0	0	0	0	472,500
0	0	0	330,734	330,734
0	0	0	1,260,000	1,260,000
<u>46,261</u>	<u>9,762</u>	<u>0</u>	<u>2,195,068</u>	<u>4,822,999</u>
0	0	23,733,516	0	23,733,516
235,127	0	0	0	235,127
(128,042)	0	0	0	(128,042)
0	0	0	0	101,464
0	7,890	0	0	7,890
0	0	0	0	13,940
0	0	0	0	7,093
0	0	0	0	99,275
0	0	0	0	52,961
0	0	0	0	516
0	0	0	0	254
0	8,915	0	0	(31,586)
<u>107,085</u>	<u>16,805</u>	<u>23,733,516</u>	<u>0</u>	<u>24,092,408</u>
<u>\$153,346</u>	<u>\$26,567</u>	<u>\$23,733,516</u>	<u>\$2,195,068</u>	<u>\$28,915,407</u>

Trimble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<b>Revenues:</b>					
Property Taxes	\$538,474	\$12,351	\$123,018	\$0	\$673,843
Intergovernmental	5,699,805	1,060,236	20,575	223,776	7,004,392
Interest	31,026	0	0	55,706	86,732
Tuition and Fees	267,337	0	0	0	267,337
Rent	425	0	0	0	425
Extracurricular	0	59,779	0	0	59,779
Miscellaneous	7,449	41,643	0	50	49,142
<b>Total Revenues</b>	<b>6,544,516</b>	<b>1,174,009</b>	<b>143,593</b>	<b>279,532</b>	<b>8,141,650</b>
<b>Expenditures:</b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	2,669,255	573,447	0	36,479	3,279,181
Special	726,635	351,229	0	0	1,077,864
Vocational	163,464	0	0	0	163,464
Other	201,437	0	0	0	201,437
<b>Support Services:</b>					
Pupils	215,220	158,654	0	960	374,834
Instructional Staff	241,176	164,170	0	12,398	417,744
Board of Education	19,960	0	0	0	19,960
Administration	614,726	29,869	0	0	644,595
Fiscal	203,968	3,927	3,894	0	211,789
Operation and Maintenance of Plant	611,163	13,370	0	15,359	639,892
Pupil Transportation	428,783	111,488	0	0	540,271
Central	8,268	356	0	0	8,624
Non-Instructional Services	0	18,116	0	6,217	24,333
Extracurricular Activities	67,489	76,735	0	1,722	145,946
Capital Outlay	88,974	2,270	0	2,578,464	2,669,708
<b>Debt Service:</b>					
Principal Retirement	200,890	0	60,000	0	260,890
Interest and Fiscal Charges	2,476	0	94,123	0	96,599
<b>Total Expenditures</b>	<b>6,463,884</b>	<b>1,503,631</b>	<b>158,017</b>	<b>2,651,599</b>	<b>10,777,131</b>
Excess of Revenues Over (Under) Expenditures	80,632	(329,622)	(14,424)	(2,372,067)	(2,635,481)
<b>Other Financing Sources (Uses):</b>					
Proceeds from Sale of Fixed Assets	29,851	0	0	9,500	39,351
Inception of Capital Lease	88,974	0	0	0	88,974
Operating Transfers In	0	17,826	0	0	17,826
Operating Transfers Out	(17,826)	0	0	0	(17,826)
<b>Total Other Financing Sources (Uses)</b>	<b>100,999</b>	<b>17,826</b>	<b>0</b>	<b>9,500</b>	<b>128,325</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	181,631	(311,796)	(14,424)	(2,362,567)	(2,507,156)
Fund Balances (Deficit) at Beginning of Year	(872,713)	500,805	225,869	2,891,510	2,745,471
Decrease in Reserve for Inventory	(3,313)	0	0	0	(3,313)
<b>Fund Balances (Deficit) at End of Year</b>	<b>(\$694,395)</b>	<b>\$189,009</b>	<b>\$211,445</b>	<b>\$528,943</b>	<b>\$235,002</b>

The notes to the financial statements are an integral part of this statement.

Trimble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$551,179	\$551,179	\$0
Intergovernmental	5,227,142	5,226,642	(500)
Interest	30,030	31,711	1,681
Tuition and Fees	267,287	267,287	0
Rent	425	425	0
Extracurricular Activities	0	0	0
Gifts and Donations	1,150	1,150	0
Miscellaneous	6,299	6,299	0
<b>Total Revenues</b>	<b>6,083,512</b>	<b>6,084,693</b>	<b>1,181</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	2,833,591	2,833,591	0
Special	776,038	776,038	0
Vocational	163,567	163,567	0
Other	198,558	198,558	0
Support Services:			
Pupils	245,882	245,882	0
Instructional Staff	227,134	227,134	0
Board of Education	23,289	23,289	0
Administration	584,764	584,764	0
Fiscal	200,144	200,144	0
Operation and Maintenance of Plant	583,588	583,588	0
Pupil Transportation	470,614	470,614	0
Central	8,268	8,268	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	67,438	67,438	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>6,382,875</b>	<b>6,382,875</b>	<b>0</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(299,363)</b>	<b>(298,182)</b>	<b>1,181</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	524	524	0
Refund of Prior Year Receipts	0	0	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	13,607	13,607	0
Advances Out	(1,102)	(1,102)	0
Operating Transfers In	0	0	0
Operating Transfers Out	(17,826)	(17,826)	0
Other Financing Sources	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(4,797)</b>	<b>(4,797)</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</b>	<b>(304,160)</b>	<b>(302,979)</b>	<b>1,181</b>
Fund Balances at Beginning of Year	756,198	756,198	0
Prior Year Encumbrances Appropriated	15,594	15,594	0
<b>Fund Balances at End of Year</b>	<b>\$467,632</b>	<b>\$468,813</b>	<b>\$1,181</b>

The notes to the financial statements are an integral part of this statement. (continued)

Trimble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2002

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$12,635	\$12,635	\$0
Intergovernmental	1,036,885	1,037,757	872
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	59,568	59,568	0
Gifts and Donations	2,500	2,500	0
Miscellaneous	36,703	36,703	0
<b>Total Revenues</b>	<b>1,148,291</b>	<b>1,149,163</b>	<b>872</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	584,916	584,916	0
Special	340,368	340,368	0
Vocational	0	0	0
Other	0	0	0
Support Services:			
Pupils	167,692	167,692	0
Instructional Staff	158,310	158,310	0
Board of Education	0	0	0
Administration	27,666	27,666	0
Fiscal	3,881	3,881	0
Operation and Maintenance of Plant	15,355	15,355	0
Pupil Transportation	115,674	115,674	0
Central	14,625	14,625	0
Operation of Non-Instructional Services	18,116	18,116	0
Extracurricular Activities	77,419	77,419	0
Capital Outlay	2,270	2,270	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>1,526,292</b>	<b>1,526,292</b>	<b>0</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(378,001)</b>	<b>(377,129)</b>	<b>872</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	0	0	0
Refund of Prior Year Receipts	(8,486)	(8,486)	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	1,102	1,102	0
Advances Out	0	0	0
Operating Transfers In	17,826	17,826	0
Operating Transfers Out	0	0	0
Other Financing Sources	2,440	2,440	0
<b>Total Other Financing Sources (Uses)</b>	<b>12,882</b>	<b>12,882</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</b>	<b>(365,119)</b>	<b>(364,247)</b>	<b>872</b>
Fund Balances at Beginning of Year	448,480	448,480	0
Prior Year Encumbrances Appropriated	193,839	193,839	0
<b>Fund Balances at End of Year</b>	<b>\$277,200</b>	<b>\$278,072</b>	<b>\$872</b>

The notes to the financial statements are an integral part of this statement.

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$125,892	\$125,892	\$0	\$0	\$0	\$0
493,074	493,074	0	58,859	223,776	164,917
0	0	0	54,734	55,706	972
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	50	50	0
<u>618,966</u>	<u>618,966</u>	<u>0</u>	<u>113,643</u>	<u>279,532</u>	<u>165,889</u>
0	0	0	38,939	38,938	1
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	960	960	0
0	0	0	12,452	12,451	1
0	0	0	0	0	0
0	0	0	0	0	0
3,894	3,894	0	0	0	0
0	0	0	15,359	15,359	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	6,217	6,217	0
0	0	0	1,722	1,722	0
0	0	0	3,205,064	3,369,982	(164,918)
532,500	532,500	0	0	0	0
94,123	94,123	0	0	0	0
<u>630,517</u>	<u>630,517</u>	<u>0</u>	<u>3,280,713</u>	<u>3,445,629</u>	<u>(164,916)</u>
<u>(11,551)</u>	<u>(11,551)</u>	<u>0</u>	<u>(3,167,070)</u>	<u>(3,166,097)</u>	<u>973</u>
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	19,000	19,000	0
0	0	0	0	0	0
0	0	0	(13,607)	(13,607)	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>5,393</u>	<u>5,393</u>	<u>0</u>
(11,551)	(11,551)	0	(3,161,677)	(3,160,704)	973
214,795	214,795	0	1,852,797	1,852,797	0
0	0	0	1,769,103	1,769,103	0
<u>\$203,244</u>	<u>\$203,244</u>	<u>\$0</u>	<u>\$460,223</u>	<u>\$461,196</u>	<u>\$973</u>

(continued)

Trimble Local School District, Ohio  
 Combined Statement of Revenues, Expenditures and Changes  
 In Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types (Continued)  
 For the Fiscal Year Ended June 30, 2002

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$689,706	\$689,706	\$0
Intergovernmental	6,815,960	6,981,249	165,289
Interest	84,764	87,417	2,653
Tuition and Fees	267,287	267,287	0
Rent	425	425	0
Extracurricular Activities	59,568	59,568	0
Gifts and Donations	3,650	3,650	0
Miscellaneous	43,052	43,052	0
<b>Total Revenues</b>	<b>7,964,412</b>	<b>8,132,354</b>	<b>167,942</b>
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,457,446	3,457,445	1
Special	1,116,406	1,116,406	0
Vocational	163,567	163,567	0
Other	198,558	198,558	0
Support Services:			
Pupils	414,534	414,534	0
Instructional Staff	397,896	397,895	1
Board of Education	23,289	23,289	0
Administration	612,430	612,430	0
Fiscal	207,919	207,919	0
Operation and Maintenance of Plant	614,302	614,302	0
Pupil Transportation	586,288	586,288	0
Central	22,893	22,893	0
Operation of Non-Instructional Services	24,333	24,333	0
Extracurricular Activities	146,579	146,579	0
Capital Outlay	3,207,334	3,372,252	(164,918)
Debt Service:			
Principal Retirement	532,500	532,500	0
Interest and Fiscal Charges	94,123	94,123	0
<b>Total Expenditures</b>	<b>11,820,397</b>	<b>11,985,313</b>	<b>(164,916)</b>
<b>Excess of Revenues Under Expenditures</b>	<b>(3,855,985)</b>	<b>(3,852,959)</b>	<b>3,026</b>
<u>Other Financing Sources (Uses):</u>			
Refund of Prior Year Expenditures	524	524	0
Refund of Prior Year Receipts	(8,486)	(8,486)	0
Proceeds from Sale of Fixed Assets	19,000	19,000	0
Advances In	14,709	14,709	0
Advances Out	(14,709)	(14,709)	0
Operating Transfers In	17,826	17,826	0
Operating Transfers Out	(17,826)	(17,826)	0
Other Financing Sources	2,440	2,440	0
<b>Total Other Financing Sources (Uses)</b>	<b>13,478</b>	<b>13,478</b>	<b>0</b>
<b>Excess of Revenues and Other Financing Sources Under Expenditures and Other Financing Uses</b>	<b>(3,842,507)</b>	<b>(3,839,481)</b>	<b>3,026</b>
Fund Balances at Beginning of Year	3,272,270	3,272,270	0
Prior Year Encumbrances Appropriated	1,978,536	1,978,536	0
<b>Fund Balances at End of Year</b>	<b>\$1,408,299</b>	<b>\$1,411,325</b>	<b>\$3,026</b>

The notes to the financial statements are an integral part of this statement.



Trimble Local School District, Ohio  
 Combined Statement of Revenues,  
 Expenses, and Changes in Fund Equity  
 Proprietary Fund Type and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	Enterprise	Non- Expendable Trust	
<u>Operating Revenues:</u>			
Sales	\$116,037	\$0	\$116,037
Interest	0	770	770
Other Revenues	3,799	1,243	5,042
Total Operating Revenues	<u>119,836</u>	<u>2,013</u>	<u>121,849</u>
<u>Operating Expenses:</u>			
Salaries	129,084	0	129,084
Fringe Benefits	69,079	0	69,079
Purchased Services	4,385	0	4,385
Materials and Supplies	48,387	0	48,387
Cost of Sales	127,237	0	127,237
Other	534	3,250	3,784
Depreciation	13,334	0	13,334
Total Operating Expenses	<u>392,040</u>	<u>3,250</u>	<u>395,290</u>
Operating Loss	<u>(272,204)</u>	<u>(1,237)</u>	<u>(273,441)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	18,304	0	18,304
Operating Grants	228,893	0	228,893
Total Non-Operating Revenues	<u>247,197</u>	<u>0</u>	<u>247,197</u>
Net Loss	(25,007)	(1,237)	(26,244)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated Note 3	<u>(103,035)</u>	<u>18,042</u>	<u>(84,993)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(128,042)	16,805	(111,237)
Contributed Capital at Beginning and End of Year	<u>235,127</u>	<u>0</u>	<u>235,127</u>
Total Fund Equity at End of Year	<u><u>\$107,085</u></u>	<u><u>\$16,805</u></u>	<u><u>\$123,890</u></u>

The notes to the financial statements are an integral part of this statement.

Trimble Local School District, Ohio  
 Combined Statement of Revenues, Expenses, and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Type and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2002

	<u>Enterprise Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$116,050	\$116,050	\$0
Interest	0	0	0
Other Revenues	5,096	5,096	0
Operating Grants	<u>228,881</u>	<u>228,893</u>	<u>12</u>
 Total Revenues	 <u>350,027</u>	 <u>350,039</u>	 <u>12</u>
<u>Expenses:</u>			
Salaries	127,842	127,842	0
Fringe Benefits	68,070	68,070	0
Purchased Services	4,470	4,470	0
Materials and Supplies	159,409	159,409	0
Other Expenses	<u>534</u>	<u>534</u>	<u>0</u>
 Total Expenses	 <u>360,325</u>	 <u>360,325</u>	 <u>0</u>
 Excess of Revenues Under Expenses	 (10,298)	 (10,286)	 12
 Fund Equity at Beginning of Year	 19,695	 19,695	 0
 Prior Year Encumbrances Appropriated	 <u>1,230</u>	 <u>1,230</u>	 <u>0</u>
 Fund Equity at End of Year	 <u><u>\$10,627</u></u>	 <u><u>\$10,639</u></u>	 <u><u>\$12</u></u>

The notes to the financial statements are an integral part of this statement.

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$116,050	\$116,050	\$0
770	770	0	770	770	0
1,243	1,243	0	6,339	6,339	0
0	0	0	228,881	228,893	12
<u>2,013</u>	<u>2,013</u>	<u>0</u>	<u>352,040</u>	<u>352,052</u>	<u>12</u>
0	0	0	127,842	127,842	0
0	0	0	68,070	68,070	0
0	0	0	4,470	4,470	0
0	0	0	159,409	159,409	0
<u>3,250</u>	<u>3,250</u>	<u>0</u>	<u>3,784</u>	<u>3,784</u>	<u>0</u>
<u>3,250</u>	<u>3,250</u>	<u>0</u>	<u>363,575</u>	<u>363,575</u>	<u>0</u>
(1,237)	(1,237)	0	(11,535)	(11,523)	12
18,042	18,042	0	37,737	37,737	0
0	0	0	1,230	1,230	0
<u>\$16,805</u>	<u>\$16,805</u>	<u>\$0</u>	<u>\$27,432</u>	<u>\$27,444</u>	<u>\$12</u>

Trimble Local School District, Ohio  
 Combined Statement of Cash Flows  
 Proprietary Fund Type and Non-Expendable Trust Funds  
 For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	Non- Expendable Trust	
Increase (Decrease) in <u>Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$116,129	\$0	\$116,129
Other Operating Revenue	5,096	1,243	6,339
Cash Payments to Suppliers for Goods and Services	(163,879)	0	(163,879)
Cash Payments for Other Expenses	(534)	0	(534)
Cash Payments for Scholarships	0	(3,250)	(3,250)
Cash Payments for Employee Services	(127,842)	0	(127,842)
Cash Payments for Employee Benefits	(68,070)	0	(68,070)
Net Cash Used for Operating Activities	<u>(239,100)</u>	<u>(2,007)</u>	<u>(241,107)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	<u>228,893</u>	<u>0</u>	<u>228,893</u>
<u>Cash Flows from Investing Activities:</u>			
Proceeds from Sale of Investments	0	18,042	18,042
Purchase of Investments	0	(15,805)	(15,805)
Interest	<u>0</u>	<u>770</u>	<u>770</u>
Net Cash Provided by Investing Activities	<u>0</u>	<u>3,007</u>	<u>3,007</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(10,207)	1,000	(9,207)
Cash and Cash Equivalents at Beginning of Year	<u>20,925</u>	<u>0</u>	<u>20,925</u>
Cash and Cash Equivalents at End of Year	<u>\$10,718</u>	<u>\$1,000</u>	<u>\$11,718</u>
Reconciliation of Operating Loss to Net Cash <u>Used for Operating Activities:</u>			
Operating Loss	<u>(\$272,204)</u>	<u>(\$1,237)</u>	<u>(\$273,441)</u>
Adjustments to Reconcile Operating Loss to Net <u>Cash Used for Operating Activities:</u>			
Depreciation	13,334	0	13,334
Donated Commodities Used During the Year	17,082	0	17,082
Interest Income	0	(770)	(770)
Changes in Assets and Liabilities:			
Decrease in Accounts Receivable	92	0	92
Decrease in Due from Other Funds	1,297	0	1,297
Increase in Inventory Held for Resale	(390)	0	(390)
Increase in Materials and Supplies Inventory	(477)	0	(477)
Decrease in Accounts Payable	(85)	0	(85)
Increase in Accrued Wages and Benefits Payable	1,526	0	1,526
Increase in Compensated Absences Payable	997	0	997
Decrease in Intergovernmental Payable	<u>(272)</u>	<u>0</u>	<u>(272)</u>
Total Adjustments	<u>33,104</u>	<u>(770)</u>	<u>32,334</u>
Net Cash Used for Operating Activities	<u>(\$239,100)</u>	<u>(\$2,007)</u>	<u>(\$241,107)</u>
<u>Reconciliation:</u>			
Cash and Cash Equivalents - All Fiduciary Funds			\$10,762
Cash and Cash Equivalents - All Agency Funds			<u>(9,762)</u>
Cash and Cash Equivalents - All Non-Expendable Trust Funds			<u>\$1,000</u>

Non-Cash Transactions:

During fiscal year 2002, the School District received \$18,304 in donated commodities

The notes to the financial statements are an integral part of this statement.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal agencies. This Board of Education controls the School District's three instructional/support facilities staffed by 56 classified employees, 89 certified teaching personnel, and 4 administrators, who provide services to 986 students and other community members.

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

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

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

The School District participates in the Southeast Ohio Voluntary Educational Consortium, the Tri-County Joint Vocational School, and the Coalition of Rural and Appalachian Schools, which are defined as jointly governed organizations, and the Ohio School Boards Association Workers' Compensation Group Rating Program, an insurance purchasing pool. These organizations are presented in Notes 21 and 22.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

*Governmental Fund Types:*

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

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

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

*Proprietary Fund Type:*

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

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

*Fiduciary Fund Types:*

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

*Account Groups:*

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

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

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

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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All proprietary 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 operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary and non-expendable trust 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 fiscal year end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On 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, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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



Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**C. Budgetary Process**

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

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

*Tax Budget:*

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

*Estimated Resources:*

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

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the object level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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*Encumbrances:*

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

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

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

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The School District also is responsible for several interest bearing accounts that are in contractors' names and consist of retainage held on contracts. The balances in these accounts are presented on the combined balance sheet as "Cash with Fiscal and Escrow Agents" and represents deposits. The School District has a segregated bank account for athletic monies held separate from the School District's central bank account. This non-interest bearing depository account is presented on the combined balance sheet as "cash and cash equivalents in segregated accounts" since it is not deposited into the School District treasury.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2002 amounted to \$31,026, which includes \$24,083 assigned from other School district funds.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**E. Inventory**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the fiscal year in which services are consumed.

**G. Fixed Assets and Depreciation**

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

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

**H. Interfund Assets/Liabilities**

Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**I. Compensated Absences**

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

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

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

**J. Accrued Liabilities and Long-Term Obligations**

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

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

Under Ohio law, a debt retirement fund may be created and used for the payment of state solvency loans. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the School District's debt service fund has been among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**K. Interfund Transactions**

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**L. Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the acquisition of textbooks and unexpended revenues restricted for the purchase of buses. See Note 19 for additional information regarding set-asides.

**M. Estimates**

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

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for contributions signifies the legal restrictions on the use of principal.

**O. Designation of Fund Balance**

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserves for textbooks and instructional materials, and capital maintenance required by State statute.

**P. Contributed Capital**

Contributed capital represented resources from other funds, other governments, and private sources provided to enterprise funds that is not subject to repayment. Because the School District had not prepared financial statements in accordance with Generally Accepted Accounting Principles prior to 1994, the exact amount of contributed capital pertaining to prior years cannot be determined. Consequently, only those amounts that have been able to be identified specifically have been classified as contributed capital in the accompanying combined financial statements.

Capital contributions received after fiscal year 2000 from other governments and private sources have been recorded as revenues and are reported as retained earnings. Contributions from other funds are still recorded as contributed capital.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

**NOTE 3 – RESTATEMENT OF FUND EQUITY**

At June 30, 2001, donated commodities on hand were reported as deferred revenue in error in the Enterprise Funds. Fixed assets and accumulated depreciation were overstated in the Enterprise Funds by \$56,520 and \$42,662, respectively. This adjustment decreased fixed assets from \$253,520 to \$197,000 and accumulated depreciation from \$92,005 to \$49,343. These errors had the following effect on retained earnings as it was previously reported at June 30, 2001.

	<u>Enterprise</u>
Balance as Previously Reported	(\$92,696)
Removal of Deferred Revenue	3,519
Restatement of Fixed Assets and Accumulated Depreciation	(13,858)
Restated Balances as of July 1, 2001	(\$103,035)

The General Fixed Assets Account Group was understated by \$510,000 in the previous year. The Account Group's balance at June 30, 2001, increased from \$21,137,362 to \$21,647,362.

**NOTE 4 – FUND DEFICITS**

The following funds had deficit fund balance as of June 30, 2002:

	<u>Deficit</u>
<b>General Fund</b>	\$694,395
<b>Special Revenue Funds:</b>	
Disadvantaged Pupil Impact Aid	65,851
Title VI	19
<b>Capital Projects Fund:</b>	
Emergency Building Repair	7,102

The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances in the special revenue funds; however, this is done when cash is needed rather than when accruals occur.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
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Excess of Revenues and Other Financing Sources  
Over (Under) Expenditures and Other Financing Uses  
All Governmental Fund Types

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$181,631	(\$311,796)	(\$14,424)	(\$2,362,567)
Revenue Accruals	(578,124)	(22,406)	2,873	9,500
Expenditure Accruals	141,577	(7,906)	0	(579,138)
Revenue Allocation from Debt				
Service Fund to the General Fund	0	0	472,500	0
Debt Service Principal	0	0	(472,500)	0
Prepaid Items	4,919	0	0	2,495
Advances	12,505	1,102	0	(13,607)
Encumbrances	(65,487)	(23,241)	0	(217,387)
Budget Basis	<u>(\$302,979)</u>	<u>(\$364,247)</u>	<u>(\$11,551)</u>	<u>(\$3,160,704)</u>

Net Loss/Excess of  
Revenues under Expenses  
Proprietary and Non-Expendable Trust Funds

	Enterprise	Non- Expendable Trust
GAAP Basis	(\$25,007)	(\$1,237)
Revenue Accruals	1,389	0
Expense Accruals	77	0
Unreported Cash	(79)	0
Depreciation Expense	13,334	0
Budget Basis	<u>(\$10,286)</u>	<u>(\$1,237)</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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



Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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including passbook accounts.

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

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

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$167,396 and the bank balance was \$268,076. Of the bank balance, \$183,683 was covered by federal depository insurance and \$84,393 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAR Ohio is not classified since it is not evidenced by securities that exist in physical or book entry form. The fair value of the investment in STAR Ohio at June 30, 2002, was \$1,623,492.

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$1,775,083	\$15,805
Investments:		
Certificates of Deposit	15,805	(15,805)
STAR Ohio	(1,623,492)	1,623,492
GASB Statement 3	\$167,396	\$1,623,492

**NOTE 7 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2003 with real property taxes.

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

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

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

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

	2001 Second Half Collections		2002 First Half Collections	
Real Property	\$20,738,110	84.02%	\$23,253,293	84.10%
Public Utility Tangible Personal Property	3,186,050	12.91%	3,566,795	12.90%
Tangible Personal Property	757,140	3.07%	829,487	3.00%
Total	<u>\$24,681,300</u>	<u>100.00%</u>	<u>\$27,649,575</u>	<u>100.00%</u>
 Tax Rate per \$1,000 of Assessed Valuation	\$32.92		\$32.92	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$3,101 in the General Fund and \$3,992 in the Debt Service Fund. These amounts are recognized as revenue.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Also intended to finance current fiscal year operations is the June personal property tax settlement that was not received until July, 2002, in the amount of \$3,356 in the General Fund, \$61 in the Classroom Facilities Special Revenue Fund, and \$613 in the Bond Retirement Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
<b>General Fund:</b>	
Miscellaneous Reimbursements	\$120
<b>Special Revenue Funds:</b>	
ORC Pilot Program	5,000
Eisenhower	1,014
Title VI-B	49,570
Title I	121,487
Drug Free Schools	7,949
Performance Incentive	9,437
Title VI-R	27,619
Miscellaneous Reimbursements	2,214
Total Special Revenue Funds	224,290
Total Intergovernmental Receivables	\$224,410

**NOTE 9 - FIXED ASSETS**

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

	Enterprise
Furniture, Fixtures, and Equipment	\$197,000
Less: Accumulated Depreciation	(62,677)
Net Fixed Assets	\$134,323

A summary of the changes in general fixed assets during fiscal year 2002 follows:

Asset Category	Balance at 06/30/01	Additions	Deletions	Balance at 06/30/02
Land and Improvements	\$670,055	\$0	\$0	\$670,055
Buildings and Improvements	9,153,670	0	0	9,153,670
Furniture, Fixtures, and Equipment	1,343,933	176,833	0	1,520,766
Vehicles	711,819	107,740	0	819,559
Construction in Progress	9,767,885	1,801,581	0	11,569,466
Totals	\$21,647,362	\$2,086,154	\$0	\$23,733,516

**NOTE 10 - RISK MANAGEMENT**

Trimble Local School District, Ohio  
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**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District had coverages as follows:

Property	Deductible	Limits of Coverage
Real Property	\$500	\$16,103,140
General Liability:		
Per Occurrence	0	1,000,000
Annual Aggregate	0	5,000,000
Boiler and Machinery	500	2,000,000
Inland Marine	250	3,972
Spoilage	0	5,000
Vehicles:		
Bodily Injury:		
Per Person	0	1,000,000
Per Accident	0	1,000,000
Property Damage	0	1,000,000
Uninsured Motorist:		
Per Person	0	100,000
Per Accident	0	300,000
Builder's Risk	1,000	8,652,988

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

**B. Workers' Compensation**

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 22). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the GRP.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. State Teachers Retirement System**

The School District participates in the School Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS

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issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2001, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$316,433, \$242,114, and \$240,946, respectively; 87.13 percent has been contributed for fiscal year 2002, and 100 percent for fiscal years 2001 and 2000. \$40,718, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$69,457, \$34,341, and \$39,748 respectively; 52.07 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$33,289, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, all members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly

Trimble Local School District, Ohio  
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Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$149,889 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,722,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$116,648.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants receiving health care benefits.

### **NOTE 13- EMPLOYEE BENEFITS**

#### **A. Compensated Absences**

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**B. Insurance Benefits**

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

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

Dental coverage is provided through CoreSource. Monthly premiums for family and single coverage are \$18.02 for classified employees and \$43.90 for certified employees.

**C. Early Retirement Incentive**

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

**NOTE 14- CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had contractual commitments for school building renovations and construction with various vendors in the amount of \$11,673,354. As of June 30, 2002, the School District paid \$11,569,466 on the project and the remaining balance on the contracts is \$103,888.

**NOTE 15 - FUND OBLIGATION**

Changes in the fund obligation of the School District during fiscal year 2002 were as follows:

	Outstanding 06/30/01	Additions	Deductions	Outstanding 6/30/02
State Solvency Advance - 0%	\$945,000	\$0	\$472,500	\$472,500

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

**NOTE 16 CAPITAL LEASES - LESSEE DISCLOSURE**

During 2002, the School District entered into capitalized lease agreements for copiers. Each lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits



Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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and risks of ownership to the lessee. Capital lease payments made from governmental funds have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program expenditures on a budgetary basis.

The items acquired by lease have been capitalized in the General Fixed Asset Account Group in the amount of \$88,974, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the General Long-Term Obligations Account Group. Principal payments in 2002 totaled \$4,831.

Future minimum lease payments through 2007 are as follows:

Year	Amount
2003	\$23,076
2004	21,919
2005	21,919
2006	21,919
2007	13,456
Total	102,289
Less: Amount Representing Interest	(18,146)
Present Value of Net Minimum Lease Payments	\$84,143

**NOTE 17- LONG-TERM OBLIGATIONS**

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

	Outstanding 06/30/01	Additions	Deductions	Outstanding 6/30/02
Classroom Facilities Bonds - 6.322%	\$925,000	\$0	\$20,000	\$905,000
School Facilities Bond - 9.75%	395,000	0	40,000	355,000
Capital Leases	0	88,974	4,831	84,143
Early Retirement Incentive	196,059	330,734	196,059	330,734
Compensated Absences	513,499	87,621	133,535	467,585
Pension Obligation	52,631	52,606	52,631	52,606
Total Long-Term Obligations	\$2,082,189	\$559,935	\$447,056	\$2,195,068

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid. Capital leases reported in the General Long-Term Obligations Account Group will be paid from the General Fund. The School District's overall legal debt margin was \$1,439,907 with an unvoted debt margin of \$27,650 at June 30, 2002.

Principal and interest requirements to retire the General Obligation Bonds outstanding at June 30, 2002, are as follows:

Fiscal Year Ended December 31,	Principal	Interest	Total
2003	\$65,000	\$89,085	\$154,085
2004	70,000	83,666	153,666
2005	70,000	77,991	147,991
2006	70,000	72,298	142,298
2007	75,000	66,451	141,451
2008 - 2012	300,000	249,453	549,453
2013 - 2017	225,000	169,931	394,931
2018 - 2022	310,000	79,988	389,988
2023	75,000	2,531	77,531
	<u>\$1,260,000</u>	<u>\$891,394</u>	<u>\$2,151,394</u>

**NOTE 18- INTERFUND ACTIVITY**

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

	Receivable	Payable
General Fund	\$8,437	\$0
Special Revenue Funds:		
Public School Support	0	552
Other Miscellaneous Grants	0	550
Athletics	0	233
Total Special Revenue Funds	0	1,335
Capital Projects Fund:		
Emergency School Repair	0	7,102
Total All Funds	<u>\$8,437</u>	<u>\$8,437</u>

**NOTE 19- SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

	Textbooks	Capital Improvements	Budget Stabilization
Set-Aside Reserve Balance as of as of June 30, 2001	\$11,608	(\$968,000)	\$32,643
Current Year Set-Aside Requirement	98,552	98,552	0
Current Year Offsets	0	(101,665)	0
Qualifying Disbursements	(57,199)	(25,979)	(32,643)
Totals	<u>\$52,961</u>	<u>(\$997,092)</u>	<u>\$0</u>
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$52,961</u>	<u>(\$968,000)</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2002	<u>\$52,961</u>	<u>\$0</u>	<u>\$0</u>

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

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

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the Trimble Local School District as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total
Operating Revenues	\$119,836	\$0	\$119,836
Depreciation	13,334	0	13,334
Operating Loss	(272,204)	0	(272,204)
Donated Commodities	18,304	0	18,304
Operating Grants	228,893	0	228,893
Net Loss	(25,007)	0	(25,007)
Net Working Capital	(18,463)	305	(18,158)
Total Assets	153,041	305	153,346
Long-Term Compensated Absences Payable	9,080	0	9,080
Total Equity	106,780	305	107,085

**NOTE 21- JOINTLY GOVERNED ORGANIZATIONS**

*Southeast Ohio Voluntary Educational Consortium (SEOVEC)* - SEOVEC was created as a regional council of governments pursuant to State statutes. SEOVEC is a computer consortium formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. SEOVEC has 38 participants consisting of 30 school districts and 8 educational service centers. SEOVEC is governed by a board which is selected by the member districts. SEOVEC possesses its own budgeting and taxing authority. The School District paid SEOVEC \$14,780 for services provided during the year. To obtain financial information write to the Southeast Ohio Voluntary Educational Consortium, Bobbi Weidner, Treasurer, at 221 North Columbus Road, Athens, Ohio 45701.

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools consists of over one hundred school districts in southeastern Ohio. The Coalition is operated by a fourteen member Board which consists of one superintendent from each County elected by the school districts within that County. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Coalition is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Coalition. The School District paid the Coalition of Rural and Appalachian Schools \$300 for services provided during the year.

**NOTE 22 - INSURANCE PURCHASING POOL**

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

**NOTE 23 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

**B. Litigation**

As of June 30, 2002, the School District was is currently not party to legal proceedings.

**NOTE 24 - STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed "... the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School

Trimble Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>FEDERAL GRANTOR</b> <i>Pass-through Grantor</i> Program Title	Federal CFDA Number	Pass-through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 18,304	\$	\$ 17,082
School Breakfast Program	10.553	05PU-2001 05PU-2002	2,527 43,075		2,527 43,075	
Total School Breakfast Program			45,602	0	45,602	0
National School Lunch Program	10.555	LLP4-2001 LLP4-2002	20,542 145,834		20,542 145,834	
Total National School Lunch Program			166,376	0	166,376	0
Total Nutrition Cluster			211,978	18,304	211,978	17,082
Total United States Department of Agriculture			211,978	18,304	211,978	17,082
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	84.010	C1S1-2000C C1S1-2001 C1S1-2001C C1S1-2002	71,724 248,152		47,452 43,621 83,585 180,828	
Total Title I Grants to Local Educational Agencies			319,876	0	355,486	0
Special Education Cluster:						
Special Education - Grants to States	84.027	6BSF-1999P 6BSF-2000 6BEC-2001P 6BSF-2001P 6BSF-2002P	(3,963) 4,032 (4,593) 78,594		3 27,205 73,813	
Total Special Education - Grants to States			74,070	0	101,021	0
Special Education - Preschool Grants	84.173	PGS1-1998 PGS1-2001 PGS1-2002P	(425) 9,625		2,485 7,433	
Total Special Education - Preschool Grants			9,200	0	9,918	0
Total Special Education Cluster			83,270	0	110,939	0
Safe and Drug-Free Schools and Communities	84.186	DRS1-2000 DRS1-2001 DRS1-2002	7,716 2,242		111 7,852 476	
Total Safe and Drug-Free Schools and Communities			9,958	0	8,439	0
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	G2S1-2000 G2S2-2000 G2S1-2001 G2S9-2001	10,581 10,000		6,823 8,386 3,496 4,597	
Total Goals 2000 - State and Local Education Systemic Improvement Grants			20,581	0	23,302	0
Eisenhower Professional Development State Grants	84.281	MSS1-1999 MSS1-2000 MSS1-2001 MSS1-2002	3,097 9,124		110 3,807 1,081 1,678	
Total Eisenhower Professional Development State Grants			12,221	0	6,676	0
Innovative Education Program Strategies	84.298	C2S1-1998 C2S1-1999 C2S1-2000 C2S1-2001 C2S1-2002	(592) (105) 2,640 5,532		105 3,791 5,532	
Total Innovative Education Program Strategies			7,475	0	9,428	0
Class Size Reduction	84.340	CRS1-2000 CRS1-2001 CRS1-2002	8,905 38,146		308 24,573 19,831	
Total Class Size Reduction			47,051	0	44,712	0
Total United States Department of Education			500,432	0	558,982	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 712,410</b>	<b>\$ 18,304</b>	<b>\$ 770,960</b>	<b>\$ 17,082</b>

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

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, 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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Athens Mall Suite B  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

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

To the Board of Education:

We have audited the general purpose financial statements of the Trimble Local School District, Athens County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated December 11, 2002, wherein we expressed substantial doubt about the School District's ability to continue as a going concern. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards*, which is described in the accompanying Schedule of Findings as item 2002-10705-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 11, 2002.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated December 11, 2002.

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

This report is intended for the information and use of 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.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long, sweeping underline.

**Jim Petro**  
Auditor of State

December 11, 2002



**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 EACH MAJOR FEDERAL PROGRAM AND  
INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Trimble Local School District, Athens County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. 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, 2002. However, we noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the School District in a separate letter dated December 11, 2002.

**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.

A handwritten signature in black ink, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

December 11, 2002

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2002**

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

<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 conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material noncompliance at the financial statement level (GAGAS)?</b>	Yes
<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 Grants to Local Educational Agencies, CFDA #84.010
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type A/B Programs</b>	Type A: > \$300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133 §.505  
FOR THE YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**Finding Number 2001-10705-001**

**Noncompliance Citation**

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

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

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

On August 21, 2000, the School District entered into an employment contract with the American Federation of State, County and Municipal Employees, Local 1351 and Ohio Council 8 for the period September 1, 2000 through August 31, 2003, for which a "412" certificate was not executed. The contract meets the definition of a "qualifying contract". This could result in the contract and or obligation being considered void and/or in possible findings for recovery upon execution of a void obligation.

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

**3. FINDINGS FOR FEDERAL AWARDS**

None.

**TRIMBLE LOCAL SCHOOL DISTRICT  
ATHENS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A-133 §.315(b)  
FOR THE YEAR ENDED JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b>Explain:</b>
2001-10705-001	A material noncompliance citation was issued under Ohio Revised Code Section 5705.412, for failing to issue the required "412" certificates for employees' negotiated agreements.	No	Partially Corrected:  The required certificate was issued for the teaching staff negotiated agreement, but not the non-teaching staff negotiated agreement. This finding is repeated in the current Schedule of Findings as item 2002-10705-001.







STATE OF OHIO  
OFFICE OF THE AUDITOR  

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800-282-0370  
Facsimile 614-466-4490

**TRIMBLE LOCAL SCHOOL DISTRICT**

**ATHENS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JANUARY 7, 2003**