WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001

JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

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REPORT OF INDEPENDENT ACCOUNTANTS

West Liberty - Salem Local School District
Champaign County
7208 North U.S. Route 68
West Liberty, Ohio 43357

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the West Liberty - Salem Local School District (the District), Champaign County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the 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 West Liberty - Salem Local School District, Champaign County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 4, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of 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.

Jim Petro
Auditor of State

January 4, 2002

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WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001

	Governmental Fund Types			
	General	**Special Revenue**	**Debt Service**	**Capital Projects**
ASSETS AND OTHER DEBITS				
Assets:				
Equity in Pooled Cash and Cash Equivalents	$1,330,933	$189,596	$110,312	$60,611
Cash and Cash Equivalents:				
With Fiscal Agents				
Investments	300,000			
Receivables:				
Taxes - current	1,696,570	37,950	218,708	48,797
Taxes - delinquent	100,589		16,303	2,822
Income Taxes	499,984			
Accrued Interest	5,471			
Prepayments	1,995			
Materials and Supplies Inventory	12,583			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	47,429			
Property, plant, and equipment (net of accumulated depreciation where applicable)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	3,995,554	227,546	345,323	112,230
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	89,721	15,417		
Accrued Wages and Benefits	639,128	7,688		
Compensated Absences Payable	11,372			
Deferred Revenue	1,695,682	37,950	218,960	47,198
Pension Obligation Payable	106,958	3,770		
Due to Students				
Deposits held and due to others				
General obligation bonds payable				
Total Liabilities	2,542,861	64,825	218,960	47,198
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balances:				
Reserved:				
Reserved for Encumbrances	86,483	20,266		8,485
Reserved for Materials and Supplies Inventory	12,583			
Reserved for Debt Service Principal			111,020	
Reserved for Prepaids	1,995			
Reserved for Property Taxes	101,477		15,343	3,924
Designated for Budget Stabilization and Capital Maintenance	223,129			
Unreserved:				
Unreserved, Undesignated	1,027,026	142,455		52,623
Total Fund Equity and Other Credits	1,452,693	162,721	126,363	65,032
Total Liabilities, Fund Equity, and Other Credits	$3,995,554	$227,546	$345,323	$112,230

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	Totals (Memorandum Only)
$75,843	$1,082	$43,082			$1,635,759
		698			698
					300,000
					2,002,025
					119,714
					499,984
					5,471
					1,995
8,468					21,051
					223,129
12,099			11,669,938		11,682,037
				$126,363	126,363
				1,698,257	1,698,257
96,410	1,082	43,780	11,669,938	1,824,620	18,316,483
260					105,398
21,369					668,185
7,637				500,423	519,432
4,331					2,004,121
11,162				64,197	186,087
		43,026			43,026
		698			698
				1,260,000	1,260,000
44,759		43,724		1,824,620	4,786,947
			11,669,938		11,669,938
51,651	1,082				52,733
					115,234
					12,583
					111,020
					1,995
					120,744
					223,129
		56			1,222,160
51,651	1,082	56	11,669,938		13,529,536
$96,410	$1,082	$43,780	$11,669,938	$1,824,620	$18,316,483

WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	
	General	**Special Revenue**	**Debt Service**	**Capital Projects**	**Expendable Trust**	**Totals (Memorandum) Only)**
Revenues:						
From local sources:						
Property taxes	$1,723,040	$38,556	$223,250	$50,041		$2,034,887
Income taxes	1,454,710					1,454,710
Tuition	27,632					27,632
Earnings on investments	144,667					144,667
Other local revenues	51,561	130,345				181,906
Intergovernmental	4,196,241	187,315	22,951	57,354		4,463,861
Other Revenue		1,226				1,226
Total Revenues	7,597,851	357,442	246,201	107,395		8,308,889
Expenditures:						
Current:						
Instruction						
Regular	3,256,872	2,375		59,176		3,318,423
Special	638,711	61,870				700,581
Vocational	114,253					114,253
Other	300,405					300,405
Support services:						
Pupils	294,787	71,761		6,228		372,776
Instructional Staff	540,883	15,769				556,652
Board of Education	26,377					26,377
Administration	590,904	4,111				595,015
Fiscal	207,212	869	3,579	1,167		212,827
Operation and maintenance	675,565	34,198		18,733		728,496
Pupil transportation	517,683					517,683
Central	379,892					379,892
Community services		2,148				2,148
Extracurricular activities	169,633	129,352				298,985
Capital Outlay				49,885		49,885
Debt Service						
Principal retirement			140,000			140,000
Interest and fiscal charges			99,750			99,750
Total Expenditures	7,713,177	322,453	243,329	135,189		8,414,148
Excess of Revenues Over (Under) Expenditures	(115,326)	34,989	2,872	(27,794)		(105,259)
Other Financing Sources and Uses						
Operating transfers-in		6,500				6,500
Operating transfers-out	(18,500)					(18,500)
Total Other Financing Sources (Uses)	(18,500)	6,500				(12,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(133,826)	41,489	2,872	(27,794)		(117,259)
Fund Balance at Beginning of Year	1,587,783	121,232	123,491	92,826	56	1,925,388
Decrease in reserve for inventory	(1,264)					(1,264)
Fund Balance at End of Year	$1,452,693	$162,721	$126,363	$65,032	$56	$1,806,865

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

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WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Governmental Fund Types		
	General		
	Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
From local sources:			
Taxes	$3,147,000	$3,112,039	($34,961)
Tuition	16,550	27,632	11,082
Earnings on investment	128,000	152,033	24,033
Other local revenue	22,004	35,044	13,040
Other revenue			
Intergovernmental - State	4,295,500	4,196,741	(98,759)
Intergovernmental - Federal			
Total Revenues	7,609,054	7,523,489	(85,565)
Expenditures:			
Current:			
Instruction:			
Regular	3,286,446	3,221,722	64,724
Special	677,276	632,014	45,262
Vocational	129,990	124,231	5,759
Other	303,716	300,405	3,311
Support services:			
Pupils	314,398	306,460	7,938
Instructional staff	600,081	577,822	22,259
Board of Education	51,111	29,870	21,241
Administration	644,002	605,647	38,355
Fiscal	217,500	209,784	7,716
Operation and maintenance	722,459	688,773	33,686
Pupil transportation	537,350	523,869	13,481
Central	402,820	377,598	25,222
Community services			
Extracurricular activities	179,285	169,006	10,279
Capital Outlay			
Debt Service			
Principal retirement			
Interest and fiscal charges			
Total Expenditures	8,066,434	7,767,201	299,233
Excess of Revenues Over (Under) Expenditures	(457,380)	(243,712)	213,668
Other Financing Sources and Uses			
Refund of prior year's expenditures	3,000	16,517	13,517
Operating transfers-in			
Operating transfers-out	(28,000)	(18,500)	9,500
Advances-in	5,000		(5,000)
Advances-out	(5,000)		5,000
Pass-through	(200,000)		200,000
Total Other Financing Sources (Uses)	(225,000)	(1,983)	223,017
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(682,380)	(245,695)	436,685
Fund balances, July 1	1,641,063	1,641,063	
Prior year encumbrances appropriated	112,675	112,675	
Fund balances, June 30	$1,071,358	$1,508,043	$436,685

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

Special Revenue Budget	Special Revenue Actual	Special Revenue Variance: Favorable (Unfavorable)	Debt Service Budget	Debt Service Actual	Debt Service Variance: Favorable (Unfavorable)	Capital Projects Budget	Capital Projects Actual	Capital Projects Variance: Favorable (Unfavorable)
				Governmental Fund Types				
$37,425	$38,556	$1,131	$226,200	$225,175	($1,025)	$47,600	$49,744	$2,144
134,039	130,345	(3,694)						
1,226	1,226							
36,299	36,248	(51)	22,300	22,951	651	57,940	57,354	(586)
151,067	151,067							
360,056	357,442	(2,614)	248,500	248,126	(374)	105,540	107,098	1,558
17,471	10,366	7,105				59,262	59,262	
90,960	59,305	31,655						
101,416	71,736	29,680				11,228	6,228	5,000
31,139	17,224	13,915				6,990	2,990	4,000
5,110	4,110	1,000						
950	869	81	4,000	3,579	421	1,375	1,167	208
75,688	56,736	18,952				47,997	23,905	24,092
6,000	2,148	3,852						
147,634	122,508	25,126						
						59,285	53,198	6,087
			140,000	140,000				
			99,750	99,750				
476,368	345,002	131,366	243,750	243,329	421	186,137	146,750	39,387
(116,312)	12,440	128,752	4,750	4,797	47	(80,597)	(39,652)	40,945
7,500	6,500	(1,000)						
7,500	6,500	(1,000)						
(108,812)	18,940	127,752	4,750	4,797	47	(80,597)	(39,652)	40,945
95,284	95,284		105,515	105,515		50,818	50,818	
47,732	47,732					40,960	40,960	
$34,204	$161,956	$127,752	$110,265	$110,312	$47	$11,181	$52,126	$40,945

WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type		
	Enterprise	**Internal Service**	**Totals (Memorandum Only)**
Operating Revenues:			
Tuition and fees	$23		$23
Sales / charges for services	242,368	52,784	295,152
Other operating revenues	47,692	22,580	70,272
Total Operating Revenues	290,083	75,364	365,447
Operating Expenses			
Salaries and benefits	157,345		157,345
Contract services	3,462		3,462
Materials and Supplies	184,652	542	185,194
Depreciation	2,839		2,839
Other	588	75,735	76,323
Total Operating Expenses	348,886	76,277	425,163
Operating (Loss)	(58,803)	(913)	(59,716)
Non-Operating Revenues and Expenses			
Federal and State subsidies	50,389		50,389
Federal Donated Commodities	21,491		21,491
Interest revenue	2,647		2,647
Total Non-Operating Revenues and Expenses	74,527		74,527
Net income (loss) before operating transfers	15,724	(913)	14,811
Operating transfer-in	12,000		12,000
Net income (loss)	27,724	(913)	26,811
Retained earnings, July 1	23,927	1,995	25,922
Retained earnings, June 30	$51,651	$1,082	$52,733

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

WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT
CHAMPAIGN COUNTY

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001

	Proprietary Fund Type		
	Enterprise	**Internal Service**	**Totals (Memorandum Only)**
Increase(Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Tuition and Fees	$23		$23
Cash Received from Sales / Charges for Services	242,368	52,784	295,152
Cash Received from Other Operations	47,227	22,580	69,807
Cash Payments for Employee Services	(153,593)		(153,593)
Cash Payments for Contract Services	(3,462)		(3,462)
Cash Payments to Suppliers for Goods and Service	(163,402)	(542)	(163,944)
Other Cash Payments	(328)	(75,735)	(76,063)
Net Cash Provided (Used) by Operating Activities	(31,167)	(913)	(32,080)
Cash Flows from Noncapital Financing Activities:			
Cash Received from Operating Grants	61,840		61,840
Cash received from Operating Transfers	12,000		12,000
Noncapital Financing Activities	73,840		73,840
Cash Flows from Capital and Related Financing Activities:			
Cash Payments for Capital Acquisitions	(3,373)		(3,373)
Cash Flows from Investing Activities:			
Cash Received from Interest	2,764		2,764
Net Increase (Decrease) in Cash and Cash Equivalents	42,064	(913)	41,151
Cash and Cash Equivalents at Beginning of Year	33,779	1,995	35,774
Cash and Cash Equivalents at End of Year	75,843	1,082	76,925
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	($58,803)	($913)	($59,716)
Adjustments to Reconcile Operating Income (Loss) To Net Cash Provided (Used) by Operating Activities:			
Depreciation	2,839		2,839
Donated Commodities Used During the Year	21,491		21,491
Changes in Assets and Liabilities:			
Decrease in Material and Supplies Inventory	3,597		3,597
Decrease in Accounts Payable	(1,239)		(1,239)
Increase Accrued Wages and Benefits	3,777		3,777
Increase in Compensated Absences Payable	397		397
Decrease in Pension Obligation Payable	(422)		(422)
Decrease in Deferred Revenue	(2,804)		(2,804)
Net Cash Provided (Used) by Operating Activities	($31,167)	($913)	($32,080)

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

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1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

The West Liberty-Salem Local School District (the "District") is located in Champaign County and encompasses the Village of West Liberty and portions of surrounding townships. The District serves an area of approximately 58 square miles.

The District was established through the consolidation of existing land areas and school districts and is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the school District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms.

The District ranks as the 466rd largest by enrollment among the 682 districts in the State, and 3rd in Champaign County. It currently operates one building, which contains the elementary school, the junior high school, and senior high school. The District employs 60 non-certified and 80 certified employees to provide services to 1,143 students in grades K through 12 and various community groups.

A. Reporting Entity:

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District does not have any component units.

The District is associated with several jointly-governed organizations and group purchasing pools. These organizations include the West Central Ohio Special Education Regional Resource Center, the Ohio Hi-Point Career Center, the Western Ohio Computer Organization, the Southwestern Ohio Educational Purchasing Cooperative, the Ohio School Boards Association Workers' Compensation Group Rating Plan, and the Champaign, Delaware, Marion, and Union Co. Schools Insurance Consortium. These organizations are presented in Notes 17 and 18 to the general-purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the 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 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 District's accounting policies are described below.

A. Basis of Presentation - Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions.

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

1. Governmental Fund Types:

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

General Fund

The general fund is the general operating fund of the 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 District for any purpose, provided it is expended or transferred in accordance with applicable Ohio statute.

Special Revenue Funds

Special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures 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 debt principal, interest, and related costs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds

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

2. Proprietary Fund Types:

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following are the District's proprietary fund types:

Enterprise Funds

Enterprise funds are used to account for operations that are (a) financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Internal Service Fund

The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District, or to other governments, on a cost-reimbursement basis.

3. Fiduciary Fund Types:

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

4. 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 general nature, the following account groups are used:

General Fixed Assets Account Group

This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Long-Term Obligations Account Group

This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

B. Measurement Focus and Basis of Accounting

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations 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. Operating statements present increases (revenues) and decreases (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 fund types.

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the modified accrual basis when the exchange takes place and the resources are available. Available means 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 District, available means expected to be received within sixty days of fiscal year end.

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

Under the modified accrual basis, the following revenue sources are considered both measurable and available at fiscal year end: property taxes available for advance, grants, interest, tuition, fees, and customer services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Deferred revenues arise when assets are recognized before revenue recognition criteria has been satisfied. Delinquent property taxes and property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before the eligibility requirements are met and receivables that are not collected within the available period are also recorded as deferred revenue.

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

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

C. Budgetary 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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for a fiscal year is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.

2. By no later than January 20, the Board-adopted budget is filed with the Champaign County Budget Commission for tax rate determination.

3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.

5. All funds, other than agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.

6. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

7. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.

8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001.

9. Unencumbered appropriations lapse at year end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund, function and/or object level.

   Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for enterprise funds are disclosed in Note 12.

D. Cash and Investments

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

During fiscal year 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio), and certificates of deposit.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statute all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal year 2001 totaled $144,667, which included $30,454 assigned from other funds of the District.

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 for all governmental funds are valued at cost (first-in/first-out method). The purchase method is used to account for inventories. Under the purchase method, inventories are recorded as expenditures when purchased; however, material amounts of inventories at period end are reported as assets of the respective fund, which are equally offset by a fund balance reserve which indicated they are unavailable for appropriation even though they are a component of reported assets.

Inventories of proprietary funds are valued at the lower of cost (first-in/first-out method) or market and expensed when used rather than when purchased.

F. Prepaids

Prepayments for governmental funds represent cash disbursements which have occurred and are therefore not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At period end, because prepayments are not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

G. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the general fixed assets account group. Donated fixed assets are recorded at their fair market values as of the date donated.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District follows the policy of not capitalizing assets with a cost of less than $500 and a useful life of less than one year. 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. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed asset account group.

2. Proprietary Funds

Equipment reflected in these funds are stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets. Depreciation has been provided, where appropriate, on a straight-line basis and a 10% assumed salvage value over the following estimated useful lives:

Asset	Life (years)
Buildings	25-50
Furniture, Fixtures and Minor Equipment	5-20
Vehicles	4-6

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for proprietary fund operations (excluding commodities) are recognized as revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Special Revenue Funds
State Property Tax Relief

Debt Service Funds
State Property Tax Relief

Capital Projects Funds
State Property Tax Relief

Non-Reimbursable Grants

Special Revenue Funds
Management Information Systems
Title VI-B
Professional Development
Title I
Title VI
Drug-Free School
Instructional Materials Subsidy

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Projects Funds
SchoolNet

Reimbursable Grants
General Fund
Driver Education
School Bus Purchases

Proprietary Funds
National School Lunch Program
National School Milk Program

Grants and entitlements amounted to over 52% of the District's operating revenue during the 2001 fiscal year.

H. Compensated Absences

Compensated absences of the District consist of vacation leave and sick leave to the extent that payment to the employee for these absences are attributable to services already rendered and are not contingent on a specific event that is outside the control of the District and the employee.

In accordance with the provisions of GASB Statement No. 16, Accounting for Compensated Absences, a liability for vacation leave is accrued if a) the employees' rights to payment are attributable to services already rendered; and b) it is probable that the employer will compensate the employees for the benefits through paid time off or other means, such as cash payment at termination or retirement. A liability for severance is accrued using the vesting method; i.e., the liability is based on the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive termination (severance) payments, as well as those employees expected to become eligible in the future. For purposes of establishing a liability for severance on employees expected to become eligible to retire in the future, all employees age fifty (50) or greater with at least ten (10) years of service and all employees with at least twenty (20) years of service regardless of their age were considered expected to become eligible to retire in accordance with GASB Statement No. 16.

The total liability for vacation and sick leave payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable additional salary related payments.

Accumulated vacation and severance of governmental fund type employees meeting the above requirements have been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the general long-term obligations account group. Vacation and sick leave for employees meeting the above requirements who are paid from proprietary funds is recorded as an expense when earned.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Long-Term Obligations

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

J. Fund Equity

Reserved and designated fund balances indicate portions of fund equity which are not available for current appropriation or are segregated legally or by the Board for a specific use. Fund balances are reserved for encumbrances, debt service, materials and supplies inventory, property tax advances, and prepaids. Fund balances are designated for budget stabilization and capital maintenance. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

K. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not report transfers of resources as operating transfers.

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.

3. Short-term interfund loans made pursuant to Board of Education resolution are reflected as “interfund loans receivable or payable.” Such interfund loans are repaid in the following fiscal year.

4. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.

5. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.

6. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

An analysis of the District’s interfund transactions for fiscal year 2001 is presented in Note 5.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Statement of Cash Flows

In September 1989, GASB issued Statement No. 9, Reporting Cash Flows of Proprietary and Non-expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. The District has presented a statement of cash flows for its enterprise and internal service funds. For purposes of the statement of cash flows, the District considers cash equivalents to include all short term investments (maturity of 90 days or less from date of purchase).

M. Financial Reporting for Proprietary and Similar Fund Types

The District's financial statements have been prepared in accordance with GASB Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting. This Statement is effective for financial statements beginning after December 15, 1993. The District accounts for its proprietary activities in accordance with all applicable GASB pronouncements, as well as pronouncements of the Financial Accounting Standards Board (FASB) and its predecessors issued on or before November 30, 1989, unless those pronouncements conflict with or contradict GASB pronouncements.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. These restricted assets represent Bureau of Worker's Compensation refunds whose use is restricted by State statute.

O. 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.

P. Memorandum Only - Total Columns

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

3. CHANGE IN ACCOUNTING PRINCIPLE

For fiscal year 2001, the District has implemented Governmental Accounting Standards Board (GASB) Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". These statements establish accounting and financial reporting standards for nonexchange transactions involving financial or capital resources.

3. CHANGE IN ACCOUNTING PRINCIPLE (Continued)

The timing for the recognition of assets, liabilities, and expenditures/expenses resulting from nonexchange transactions will be the same whether the accrual or the modified accrual basis of accounting is required. However, for revenue recognition to occur on the modified accrual basis, the criteria established for accrual basis revenue recognition must be met and the revenues must be available. The adoption of these statements did not have a material impact in the financial statements at June 30.

4. EQUITY IN POOLED CASH AND INVESTMENTS

State statutes classify monies held by the 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 District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of the District's deposits is provided by the Federal Deposit Insurance Corporation, 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 moneys deposited with the institution.

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

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

2. Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan 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;

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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; and,

6. The State Treasurer's investment pool (STAR Ohio).

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 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.

Cash with Fiscal Agent: At year end, $698 was on deposit in an account for unreimbursed medical claims.

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 year-end the carrying amount of the District's deposits was $1,861,387 and the bank balance was $1,957,771 (both amounts include $300,000 in non-negotiable certificates of deposit). Of the bank balance:

1. $201,656 was covered by federal deposit insurance. The certificates of deposit were covered by a letter of credit.

2. $1,456,115 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District held to a successful claim by the FDIC.

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the 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 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 District's name. STAR Ohio is an unclassified investment since it is not evidenced by securities which exist in physical or book entry form.

	Carrying Value	Market Value
Star Ohio	$297,501	$297,501

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

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

A reconciliation between the classifications of cash and cash equivalents and investments on the combined balance sheet per GASB Statement No. 9 and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Equity in Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9	$1,859,586	$300,000
Investments of the Cash Management Pool:		
STAR Ohio	(297,501)	297,501
Certificates of Deposit	300,000	(300,000)
Cash with Fiscal Agent	(698)	
GASB Statement No. 3	$1,861,387	$297,501

5. INTERFUND TRANSACTIONS

The following is a summarized reconciliation of the District's operating transfers for fiscal year 2001:

Fund	**Transfers In**	**Transfers (Out)**
General Fund		$(18,500)
Special Revenue Funds		
District Managed Student Activity	5,000	
Public School Support	1,500	
Enterprise Funds		
Food Service	12,000	
Total	$18,500	$(18,500)

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

6. PROPERTY TAXES (Continued)

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

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes, which became measurable as of June 30, 200, 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 therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was $101,477 in the General Fund, $15,343 in the Debt Service Fund, and $3,924 in the Capital Projects Fund.

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

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	**Percent**	**Amount**	**Percent**
Agricultural/Residential and Other Real Estate	$69,139,000	83.46	$70,796,920	88.23
Public Utility Personal	9,399,950	11.34	8,579,790	10.21
Tangible Personal Property	4,304,660	5.20	4,671,999	5.56
	$82,843,610	100.00	$84,048709	100.00
Tax rate per $1,000 of assessed valuation:				
Operations	$36.10		$36.10	
Debt Service	3.00		3.00	
Permanent Improvements	1.50		1.50	

7. SCHOOL DISTRICT INCOME TAX

During fiscal year 1986, voters of the District passed a .5% permanent income tax and a 1% renewable income tax that was first passed in 1992 is up for renewal every three years.

The tax is collected by the State of Ohio and remitted to the District quarterly. Total income tax revenue received for fiscal 2001 credited to the general fund was $1,454,710.

8. RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (rent and student fees) and intergovernmental grants and entitlements (to the extent that such grants and entitlements relate to the current year). All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of Federal grants.

A summary of the principal items of receivables follows:

	Amounts
General Fund	
Taxes - Current & Delinquent Property, and Income	$2,297,143
Accrued Interest	5,471
Special Revenue Funds	
Taxes - Current	37,950
Debt Service Fund	
Taxes - Current & Delinquent	235,011
Capital Projects Funds	
Taxes - Current & Delinquent	51,619

9. FIXED ASSETS

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

	Balance July 1,2000	**Increase**	**Decrease**	**Balance June 30, 2001**
Land/ Improvements	$ 799,842			$ 799,842
Buildings	9,154,154			9,154,154
Furniture/Equipment	1,146,235	177,873	(222,102)	1,102,006
Vehicles	536,910	110,946	(33,920)	613,936
Total	$11,637,141	$288,819	$(256,022)	$11,669,938

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and Equipment	$204,804
Less: Accumulated Depreciation	(192,705)
Net Fixed Assets	$ 12,099

10. LONG-TERM OBLIGATIONS

A. The current obligation bond outstanding, issued to provide funds for building additions and improvements, is a general obligation of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the general long-term obligations account group. Payments of principal and interest relating to this liability are recorded as expenditures in the debt service fund. The source of payment is derived from a current 3.00 mill bonded debt tax levy.

The following is a description of the District's general obligation bonds outstanding as of June 30, 2001:

Purpose	Interest Rate	Issue Date	Maturity Date	Bonds Outstanding July 1, 2000	Amount (Retired) in 2001	Bonds Outstanding June 30, 2001
School Facility Board	7.50%	8/01/87	12/01/09	$1,400,000	$(140,000)	$1,260,000

B. Principal and interest requirements to retire the general obligation bonds outstanding at June 30, 2001, are as follows:

Year Ending	Principal On General Obligation Bonds	Interest On General Obligation Bonds	Total
2002	140,000	89,250	229,250
2003	140,000	78,750	218,750
2004	140,000	68,250	208,250
2005	140,000	57,750	197,750
2006	140,000	47,250	187,250
2007 - 2010	560,000	84,000	644,000
Total Principal and Interest	$1,260,000	$425,250	$1,685,250

C. 1986 Classroom Facilities Loan - In fiscal year 1986, the District received $6,500,000 for construction and improvements to its facilities under the State's "Classroom Facilities Program." Under this program, the District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Generally, the District repays the State for its contribution by levying an additional property tax of one-half mill for a twenty-three year period. The District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the $6,500,000 to the State because the District's adjusted valuation per pupil was less than the State-wide median adjusted valuation per pupil. In lieu of the repayment, the District must set aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires.

10. LONG-TERM OBLIGATIONS (Continued)

D. During the year ended June 30, 2001 the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	Balance July 1, 2000	Increase	Decrease	Balance June 30, 2001
Compensated Absences	$ 525,049		(24,626)	$ 500,423
Pension Obligation Payable	61,959	64,197	(61,959)	64,197
General obligation Bond Payable	1,400,000		(140,000)	1,260,000
Total	$1,987,008	$64,197	$(226,585)	$1,824,620

E. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of $6,430,747 (including available funds of $123,363) and an unvoted debt margin of $84,049.

11. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees and natural disasters. During fiscal year 2001, the District purchased from Nationwide Insurance Company (through the Ohio School Boards Association) general liability insurance, which carried a $1 million per occurrence/$5 million annual aggregate limitation. Fleet and property/casualty insurance are purchased through commercial carriers and traditionally funded, as are all benefit plans offered to employees.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years. There has been no significant reduction in amounts of insurance coverage from fiscal year 2001.

The District is a member of the OSBA Workers' Compensation Group Rating Program (GRP), established in April 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

The intent of the GRP is to achieve the benefit of a reduced premium for the 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."

11. RISK MANAGEMENT (Continued)

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 & Company provides administrative, cost control and actuarial services to the GRP.

The District is also a member of the Champaign, Delaware, Marion, and Union Co. Schools Insurance Consortium (CDMU). CDMU sponsors self-insured medical plans for ten (10) school districts, educational service centers and Boards of Education primarily within Champaign, Delaware, Marion, and Union Counties. These plans are for active employees and their covered dependents. Amongst the ten (10) districts and service centers, there were nineteen (19) plans/plan options offered to active employees and their dependents during the period under review. The District offers one of these plans. CDMU has contracted with CoreSource for all administrative, claims processing, claims payment, and customer service at CoreSource’s Westerville, Ohio facility.

Post employment health care is provided to plan participants or their beneficiaries through the respective retirement systems discussed in Note 13. As such, no funding provisions are required by the District.

12. SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	Food Service	Uniform School Supplies	Total
Operating revenue	$289,595	$ 488	$290,083
Depreciation Expense	2,839		2,839
Operating loss	(59,291)	488	(58,803)
Grants	50,389		50,389
Donated Commodities	21,491		21,491
Net Income	27,236	488	27,724
Net working capital	34,382	12,807	47,189
Total assets	83,603	12,807	96,410
Long-Term Liabilities Payable from Fund Revenues	7,637		7,637
Total equity	38,844	12,807	51,651
Encumbrances at 6/30/01		89	89

13. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the 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 District is required to contribute at an actuarially determined rate, which was 14 percent for fiscal year 2001; 4.2percent was the portion to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 5.5 percent. The contribution rates of plan members and employers are established and may be amended by the School Employees Retirement Board, up to maximum amounts allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were $41,630, $50,221 and $62,779 respectively; 45 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. $81,168, which represents both the defined benefit and post employment share of the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations for fiscal year 2001. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were $339,135, $189,555 and $178,019, respectively; 82 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. $86,648, which represents both the defined benefit and post employment share of the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

13. DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the SERS or the STRS have an option to choose Social Security or the SERS/STRS. As of June 30, 2001, one member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

14. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled $160,643 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was $3.419 billion at June 30, 2000 (the latest information available). As of July 1, 2001, eligible benefit recipients totaled 99,011. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were $283,137,000.

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

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at $12,400. For the School District, the amount to fund health care benefits, including the surcharge, equaled $115,409 during the 2001 fiscal year.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were $140,696,340 and the target level was $211.0 million. At June 30, 2001 SERS had net assets available for payment of health care benefits of $252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

15. BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances -Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

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

(b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);

(c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses

	General Fund	Special Revenue Funds	Debt Service Funds	Capital Projects Funds
Budget Basis	($245,695)	$ 18,940	$4,797	$(39,652)
Net Adjustment for Revenue Accruals	74,362		(1,925)	297
Net Adjustment for Expenditure Accruals	(116,295)	(5,091)		3,076
Net adjustment for other Financing Sources (Uses)	(16,517)			
Encumbrances	170,319	27,640		8,485
GAAP Basis	$(133,826)	$41,489	$2,872	$(27,794)

16. STATUTORY RESERVES

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

16. STATUTORY RESERVES(Continued)

The following cash basis information describes the change in the year-end set-aside amounts for textbooks, capital acquisition, and budget stabilization. The budget stabilization set-aside requirement was eliminated by S.B. 345 during fiscal year 2001. As a result of S.B. 345, the District's Board has designated the budget stabilization money for future budget stabilization and capital maintenance.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of July 1, 2000			$149,612	$149,612
Current Year Set-aside Requirement	$170,500	$170,500		341,000
Current Contribution by District			73,517	
Current Year Offsets		(93,300)		(93,300)
Transferred to General Fund (per S.B. 345)			(223,129)	(149,612)
Qualifying Disbursements	(213,749)	(144,847)		(358,596)
Total	($43,249)	($67,647)		($110,896)

The School District has qualifying expenditures during the fiscal year that reduced the textbook set aside amount below zero. This amount may be used to reduce the set aside requirements in future fiscal years.

17. JOINTLY-GOVERNED ORGANIZATIONS

West Central Ohio Education Regional Resource Center (SERRC) - The West Central Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents. The SERRC is governed by a board of 52 members made up of the 50 superintendents of the participating districts, one non-public school representative, and a representative from Wright State University. The terms of the latter two representatives are rotated every year. The degree of control exercised by any participating school district is limited to its representation of the Board. Financial information can be obtained by contacting Krista Hart, Treasurer, at the Hardin County Educational Service Center, 1211 West Lima Street, Kenton, Ohio 43326-2385.

Ohio Hi-Point Career Center (the "Career Center") - The Ohio Hi-Point Career Center is a distinct political subdivision of the State of Ohio, operating under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The Career Center possesses its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Career Center, Eric Adelsberger, who serves as Treasurer, at 2280 State Route 540, Bellefontaine, Ohio 43311. The District did not contribute any money to the Ohio Hi-Point Career Center during fiscal year 2000.

17. JOINTLY-GOVERNED ORGANIZATIONS (Continued)

Western Ohio Computer Organization (WOCO) - The Western Ohio Computer Organization (WOCO) is a joint venture among 29 area school districts. The joint venture was formed for the purpose of applying modern technology (with the aid of computers and other electronic equipment) to the administrative and instructional functions of member districts. Each member district supports WOCO based upon a per pupil charge, dependent upon the software package utilized. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county, plus one representative from the fiscal agent. Financial information can be obtained from Sonny Ivey, who serves as Director, at 129 E. Court Street, Sidney, Ohio 45365.

18. GROUP PURCHASING POOLS

Southwestern Ohio Educational Purchasing Cooperative (SOEPC) - SOEPC is a purchasing cooperative made up of nearly one hundred school districts in Champaign and surrounding counties. The purpose of the cooperative is to obtain lower prices for supplies and materials commonly used by the member districts. The members are obligated to pay all fees, charges, and assessments as established by SOEPC. Each member district has one voting representative.Title to any and all equipment and supplies purchased by SOEPC is held in trust for the member districts by the fiscal agent, the Champaign County Educational Service Center. Payments to SOEPC are made from the District's General fund.

Ohio School Boards Association Worker's Compensation Group Rating Plan - The District is a member of the OSBA Workers' Compensation Group Rating Program (GRP), established in April 1991. The program was created by the Ohio School Boards Association as a result of the Workers' Compensation group rating plan as defined in 4123.29, Ohio Revised Code. The group rating plan will allow school districts to group together to potentially achieve a lower premium rate than they may otherwise be able to acquire as individual employers.

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 & Company provides administrative, cost control and actuarial services to the GRP.

Champaign, Delaware, Marion, and Union Co. Schools Insurance Consortium (CDMU) - The District is a member of the Champaign, Delaware, Marion, and Union Co. Schools Insurance Consortium (CDMU). CDMU sponsors self-insured medical plans for ten (10) school districts, educational service centers and Boards of Education primarily within Champaign, Delaware, Marion, and Union Counties. These plans are for active employees and their covered dependents.

18. JOINTLY-GOVERNED ORGANIZATIONS (Continued)

Among the ten (10) districts and service centers, there were nineteen (19) plans/plan options offered to active employees and their dependents during the period under review. CDMU has contracted with CoreSource for all administrative, claims processing, claims payment, and customer service at CoreSource's Westerville, Ohio facility.

19. CONTINGENT LIABILITIES

A. Grants

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

B. Litigation

As of the balance sheet date, the District is involved in no litigation as either plaintiff or defendant.

20. STATE SCHOOL FUNDING DECISION

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 4, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

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

West Liberty - Salem Local School District
Champaign County
7208 North U.S. Route 68
West Liberty, Ohio 43357

To the Board of Education:

We have audited the financial statements of the West Liberty-Salem Local School District (the District), Champaign County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 4, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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 instances of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10311--001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 management of the District in a separate letter dated January 4, 2002.

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

Jim Petro
Auditor of State

January 4, 2002

SCHEDULE OF FINDINGS
JUNE 30, 2001

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

FINDING NUMBER 2001-10311-001

Finding for Recovery - Repaid During Audit

Article 21, A-3 of the Master Contract between West Liberty-Salem Local Schools and The West Liberty- Salem Education Association/OEA-NEA, states a teacher with at least twenty years of service shall be entitled, upon retirement, to severance pay equal to 33 percent of the teachers accumulated sick leave, up to a maximum of 66 days.

Barbara Smith retired at the end of the June 30, 2000 school year and was paid her severance during January, 2001, based upon 175.5 days of accumulated sick leave. This balance did not reflect sick leave used during the month of May, resulting in an overpayment in the amount of one hundred, sixty-two dollars and seventy-five cents ($162.75) being paid to Barbara Smith.

In accordance with the foregoing facts, and pursuant to Ohio Revised Code Section 117.28, a Finding for Recovery for public money illegally expended is hereby issued against Steve Godwin and Barbara Smith, in the amount of one hundred sixty two dollars and seventy five cents ($162.75) and in favor of the General Fund.

On August 22, 2001, Barbara Smith repaid this amount as evidenced by receipt number 24340.

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WEST LIBERTY-SALEM LOCAL SCHOOL DISTRICT

CHAMPAIGN COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
FEBRUARY 7, 2002