



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

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**STATE OF OHIO**



**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

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STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

## REPORT OF INDEPENDENT ACCOUNTANTS

Evergreen Local School District  
Fulton County  
14544 County Road 6  
Metamora, Ohio 43540-9740

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Evergreen Local School District (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Government'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 Evergreen Local School District, Fulton County, as of June 30, 2001, and the results of its operations and the cash flows of its enterprise funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 10, 2002 on our consideration of the Government'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 10, 2002

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**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Balance Sheet  
All Fund Types and Account Groups  
As of June 30, 2001**

	Governmental Fund Types		
	General Fund	Special Revenue	Debt Service
<b>ASSETS AND OTHER DEBITS</b>			
<b>Assets:</b>			
Equity in Pooled Cash and Cash Equivalents	\$1,425,387	\$77,139	\$290,819
Cash and Cash Equivalents:			
With Fiscal Agents		4,028	
Receivables:			
Taxes	2,774,413		908,969
Accounts	104		
Intergovernmental	366,202	16,074	
Interfund Receivable	22,500		
Inventory Held for Resale	1,818		
Restricted Assets:			
With Fiscal Agents			
Cash and Cash Equivalents	26,815		
Fixed Assets			
<b>Other Debits:</b>			
Amount in Debt Service Fund for Retirement of General Long-Term Obligations Provided from General Government Resources			
<b>Total Assets and Other Debits</b>	<b>\$4,617,239</b>	<b>\$97,241</b>	<b>\$1,199,788</b>
<b>LIABILITIES, EQUITY AND OTHER CREDITS</b>			
<b>Liabilities:</b>			
Accounts Payable	\$29,303	\$4,449	
Accrued Wages and Benefits	822,218	564	
Compensated Absences Payable	37,381		
Retainage Payable			
Interfund Payable			
Intergovernmental Payable	119,733	65	
Deferred Revenue	2,539,033	8,453	\$830,810
Due to students			
General Obligation Bonds Payable			
Total Liabilities	3,547,668	13,531	830,810
<b>Equity and Other Credits:</b>			
Investment in General Fixed Assets			
Retained Earnings:			
Unreserved			
Fund Balances:			
Reserved for Encumbrances	71,613	17,261	
Reserved for Property Taxes	235,380		78,159
Reserved for Textbooks	26,815		
Unreserved, Undesignated	735,763	66,449	290,819
Total Equity and Other Credits	1,069,571	83,710	368,978
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$4,617,239</b>	<b>\$97,241</b>	<b>\$1,199,788</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



<u>Governmental Fund Type</u>	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>			
<u>Capital Projects</u>	<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	<u>Totals (Memorandum Only)</u>
\$4,682,248	\$42,101	\$39,410			\$6,557,104
					4,028
223,122					3,906,504
					104
					382,276
	19,419				22,500
					21,237
367,507					367,507
					26,815
	58,952		\$14,481,493		14,540,445
				\$368,978	368,978
				12,581,415	12,581,415
<b><u>\$5,272,877</u></b>	<b><u>\$120,472</u></b>	<b><u>\$39,410</u></b>	<b><u>\$14,481,493</u></b>	<b><u>\$12,950,393</u></b>	<b><u>\$38,778,913</u></b>
\$1,507,426	\$242	\$995			\$1,542,415
	28,220				851,002
	19,325			\$542,075	598,781
367,507					367,507
	22,500				22,500
	17,471			67,409	204,678
203,326	8,300				3,589,922
		33,344			33,344
				12,340,909	12,340,909
<u>2,078,259</u>	<u>96,058</u>	<u>34,339</u>		<u>12,950,393</u>	<u>19,551,058</u>
			\$14,481,493		14,481,493
	24,414				24,414
2,994,051		500			3,083,425
19,796					333,335
					26,815
180,771		4,571			1,278,373
<u>3,194,618</u>	<u>24,414</u>	<u>5,071</u>	<u>14,481,493</u>		<u>19,227,855</u>
<b><u>\$5,272,877</u></b>	<b><u>\$120,472</u></b>	<b><u>\$39,410</u></b>	<b><u>\$14,481,493</u></b>	<b><u>\$12,950,393</u></b>	<b><u>\$38,778,913</u></b>

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2001**

	<b>Governmental Fund Types</b>	
	<b>General</b>	<b>Special Revenue</b>
<b>Revenues :</b>		
Intergovernmental	\$4,270,008	\$371,860
Interest	521,092	
Tuition and Fees	95,802	
Extracurricular Activities		200,647
Gifts and Donations	18,049	13,729
Income Tax	899,373	
Property and Other Local Taxes	2,764,548	
Miscellaneous	2,930	
Total Revenues	8,571,802	586,236
<b>Expenditures:</b>		
Current:		
Instruction:		
Regular	3,998,161	62,167
Special	735,733	123,498
Vocational	143,589	14
Other	36,938	
Support services:		
Pupils	233,197	51,831
Instructional Staff	287,491	24,420
Board of Education	63,348	
Administration	726,635	81,989
Fiscal	191,266	
Business	17,000	
Operation and Maintenance of Plant	697,577	
Pupil Transportation	765,279	
Central		22,301
Non-Instructional Services		89,919
Extracurricular activities	253,011	128,486
Capital Outlay		
Debt Service		
Debt Service - Principal		
Debt Service - Interest		
Total Expenditures	8,149,225	584,625
Excess of Revenues Over (Under) Expenditures	422,577	1,611
<b>Other Financing Sources and Uses</b>		
Operating Transfers In		
Proceeds from Sale of Fixed Assets	2,707	
Refund of Prior Year Expenditures	19,126	
Other Financing Sources		
Operating Transfers Out	(515,200)	
Total Other Financing Sources (Uses):	(493,367)	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(70,790)	1,611
Fund Balance, July 1	1,140,361	82,099
<b>Fund Balance , June 30</b>	<b>\$1,069,571</b>	<b>\$83,710</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Governmental Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
Debt Service	Capital Projects	Expendable Trust	
\$95,624	\$213,405		\$4,950,897
	159	\$67	521,318
			95,802
			200,647
	1,499	1,100	34,377
985,286	113,747		899,373
			3,863,581
			2,930
1,080,910	328,810	1,167	10,568,925
	265,021	1,325	4,326,674
			859,231
	1,150		144,753
			36,938
			285,028
			311,911
			63,348
	4,435		813,059
12,624	3,245		207,135
			17,000
	192,628		890,205
			765,279
			22,301
			89,919
			381,497
	8,354,855		8,354,855
192,399			192,399
713,586			713,586
918,609	8,821,334	1,325	18,475,118
162,301	(8,492,524)	(158)	(7,906,193)
	500,000		500,000
			2,707
			19,126
		300	300
			(515,200)
	500,000	300	6,933
162,301	(7,992,524)	142	(7,899,260)
206,677	11,187,142	4,929	12,621,208
<b>\$368,978</b>	<b>\$3,194,618</b>	<b>\$5,071</b>	<b>\$4,721,948</b>

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2001**

	<u>General Fund</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Intergovernmental	\$4,334,251	\$4,270,709	(\$63,542)
Interest	721,000	860,766	139,766
Tuition and Fees	54,500	97,813	43,313
Rent	300		(300)
Extracurricular Activities			
Gifts and Donations	28,300	18,049	(10,251)
Income Tax	875,000	904,901	29,901
Property and Other Local Taxes	2,640,621	2,692,465	51,844
Miscellaneous	1,600	2,898	1,298
Total Revenues	<u>8,655,572</u>	<u>8,847,601</u>	<u>192,029</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	4,180,522	3,996,759	183,763
Special	847,789	780,887	66,902
Vocational	200,771	172,256	28,515
Other	50,000	36,938	13,062
Support services:			
Pupils	244,502	231,985	12,517
Instructional Staff	256,607	286,003	(29,396)
Board of Education	63,952	63,632	320
Administration	741,772	729,709	12,063
Fiscal	204,606	197,432	7,174
Business	20,700	17,000	3,700
Operation and Maintenance of Plant	825,573	731,481	94,092
Pupil Transportation	760,938	760,087	851
Central	500		500
Non-Instructional Services			
Extracurricular activities	235,584	251,491	(15,907)
Capital Outlay			
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>8,633,816</u>	<u>8,255,660</u>	<u>378,156</u>
Excess of Revenues Over (Under) Expenditures	<u>21,756</u>	<u>591,941</u>	<u>570,185</u>
<b>Other Financing Sources and (Uses):</b>			
Operating Transfers In			
Proceeds from Sale of Fixed Assets	1,000	2,707	1,707
Refund of Prior Year Expenditures	8,000	19,125	11,125
Advances In		5,500	5,500
Other Financing Sources			
Operating Transfers Out	(518,000)	(515,200)	2,800
Advances Out	(30,000)	(28,000)	2,000
Total Other Financing Sources (Uses)	<u>(539,000.00)</u>	<u>(515,868)</u>	<u>23,132</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(517,244)</u>	<u>76,073</u>	<u>593,317</u>
Fund Balance, July 1	1,098,813	1,098,813	
Prior Year Encumbrances Appropriated	176,399	176,399	
<b>Fund Balance, June 30</b>	<b><u>\$757,968</u></b>	<b><u>\$1,351,285</u></b>	<b><u>\$593,317</u></b>

<u>Special Revenue</u>			<u>Debt Service</u>		
<u>Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
\$375,142	\$363,448	(\$11,694)	\$87,569	\$95,624	\$8,055
193,142	201,717	8,575			
14,000	13,730	(270)			
			788,123	855,437	67,314
<u>582,284</u>	<u>578,895</u>	<u>(3,389)</u>	<u>875,692</u>	<u>951,061</u>	<u>75,369</u>
93,322	69,498	23,824			
140,530	126,537	13,993			
11	15	(4)			
53,288	53,288				
27,989	24,420	3,569			
89,004	83,344	5,660			
			13,500	12,624	876
22,596	22,125	471			
89,920	89,920				
144,737	142,595	2,142			
			279,609	279,609	
			<u>626,376</u>	<u>626,376</u>	
<u>661,397</u>	<u>611,742</u>	<u>49,655</u>	<u>919,485</u>	<u>918,609</u>	<u>876</u>
<u>(79,113)</u>	<u>(32,847)</u>	<u>46,266</u>	<u>(43,793)</u>	<u>32,452</u>	<u>76,245</u>
			234,610	109,609	(125,001)
5,000	5,000				
<u>(5,000)</u>	<u>(5,000)</u>		<u>234,610</u>	<u>109,609</u>	<u>(125,001)</u>
(79,113)	(32,847)	46,266	190,817	142,061	(48,756)
65,132	65,132		148,759	148,759	
23,143	23,143				
<u><b>\$9,162</b></u>	<u><b>\$55,428</b></u>	<u><b>\$46,266</b></u>	<u><b>\$339,576</b></u>	<u><b>\$290,820</b></u>	<u><b>(\$48,756)</b></u>

(Continued)

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenditures and Changes in Fund Balances  
Budget and Actual Comparison (Non-GAAP Budgetary Basis)  
All Governmental and Similar Fiduciary Fund Types  
For the Fiscal Year Ended June 30, 2001  
(Continued)**

	<u>Capital Projects</u>		
	<u>Budget</u>	<u>Actual</u>	<u>Variance</u>
<b>Revenues:</b>			
Intergovernmental	\$213,078	\$213,405	\$327
Interest		720	720
Tuition and Fees			
Rent			
Extracurricular Activities			
Gifts and Donations		1,498	1,498
Income Tax			
Property and Other Local Taxes	218,990	218,174	(816)
Miscellaneous			
Total Revenues	<u>432,068</u>	<u>433,797</u>	<u>1,729</u>
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	406,752	357,016	49,736
Special			
Vocational	1,150	1,150	
Other			
Support services:			
Pupils			
Instructional Staff			
Board of Education			
Administration	20,000	9,590	10,410
Fiscal	3,500	3,245	255
Business			
Operation and Maintenance of Plant	207,000	192,627	14,373
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular activities			
Capital Outlay	11,418,451	11,183,281	235,170
Debt Service			
Debt Service - Principal			
Debt Service - Interest			
Total Expenditures	<u>12,056,853</u>	<u>11,746,909</u>	<u>309,944</u>
Excess of Revenues Over (Under) Expenditures	<u>(11,624,785)</u>	<u>(11,313,112)</u>	<u>311,673</u>
<b>Other Financing Sources and (Uses):</b>			
Operating Transfers In	500,000	500,000	
Proceeds from Sale of Fixed Assets			
Refund of Prior Year Expenditures			
Advances In			
Other Financing Sources			
Operating Transfers Out	(109,609)	(109,609)	
Advances Out			
Total Other Financing Sources (Uses)	<u>390,391</u>	<u>390,391</u>	<u>0</u>
Excess of Revenue and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(11,234,394)</u>	<u>(10,922,721)</u>	<u>311,673</u>
Fund Balance, July 1	10,320,512	10,320,512	
Prior Year Encumbrances Appropriated	931,540	931,540	
<b>Fund Balance, June 30</b>	<u><b>\$17,658</b></u>	<u><b>\$329,331</b></u>	<u><b>\$311,673</b></u>

*The notes to the general-purpose financial statements are an integral part of this statement.*

Expendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance	Budget	Actual	Variance
			\$5,010,040	\$4,943,186	(\$66,854)
\$100	\$67	(\$33)	721,100	861,553	140,453
			54,500	97,813	43,313
			300		(300)
			193,142	201,717	8,575
1,000	1,100	100	43,300	34,377	(8,923)
			875,000	904,901	29,901
			3,647,734	3,766,076	118,342
			1,600	2,898	1,298
<u>1,100</u>	<u>1,167</u>	<u>67</u>	<u>10,546,716</u>	<u>10,812,521</u>	<u>265,805</u>
2,200	1,850	350	4,682,796	4,425,123	257,673
			988,319	907,424	80,895
			201,932	173,421	28,511
			50,000	36,938	13,062
			297,790	285,273	12,517
			284,596	310,423	(25,827)
			63,952	63,632	320
			850,776	822,643	28,133
			221,606	213,301	8,305
			20,700	17,000	3,700
			1,032,573	924,108	108,465
			760,938	760,087	851
			23,096	22,125	971
100		100	90,020	89,920	100
			380,321	394,086	(13,765)
			11,418,451	11,183,281	235,170
			279,609	279,609	
			626,376	626,376	
<u>2,300</u>	<u>1,850</u>	<u>450</u>	<u>22,273,851</u>	<u>21,534,770</u>	<u>739,081</u>
<u>(1,200)</u>	<u>(683)</u>	<u>517</u>	<u>(11,727,135)</u>	<u>(10,722,248)</u>	<u>1,004,887</u>
			734,610	609,609	(125,001)
			1,000	2,707	1,707
			8,000	19,125	11,125
			5,000	10,500	5,500
100	300	200	100	300	200
			(627,609)	(624,809)	2,800
			(35,000)	(33,000)	2,000
<u>100</u>	<u>300</u>	<u>200</u>	<u>86,101.00</u>	<u>(15,568.00)</u>	<u>(101,669.14)</u>
(1,100)	(383)	717	(11,641,034)	(10,737,816)	903,217
4,104	4,104		11,637,320	11,637,320	
850	850		1,131,931	1,131,931	
<u>\$3,854</u>	<u>\$4,571</u>	<u>\$717</u>	<u>\$1,128,217</u>	<u>\$2,031,435</u>	<u>\$903,218</u>

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Revenues, Expenses and Changes in  
Retained Earnings - Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001**

	<b>Enterprise Fund</b>
<b>Operating revenues:</b>	
Sales	\$320,493
<b>Operating expenses:</b>	
Salaries	140,246
Fringe Benefits	66,386
Purchased Services	15,573
Materials and Supplies	206,785
Depreciation	7,924
Other	1,203
Capital Outlay	9,690
Total Operating Expenses	447,807
Operating Loss	(127,314)
<b>Non-Operating Revenues and Expenses</b>	
Federal Donated Commodities	30,667
Interest	1,379
Federal and State Subsidies	82,880
Total Non-Operating Revenues and Expenses	114,926
Operating Transfers-In	15,000
Net Income	2,612
Retained Earnings at July 1	21,802
<b>Retained Earnings at June 30</b>	<b>\$24,414</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*



**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**Combined Statement of Cash Flows  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2001**

	<b>Enterprise Fund</b>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Sales	\$320,541
Cash Payments to Suppliers for Goods and Services	(186,777)
Cash Payments for Contract Services	(15,409)
Cash Payments for Employee Services	(137,631)
Cash Payments for Employee Benefits	(66,153)
Other Cash Payments	(1,427)
Net Cash Provided by (Used for) Operating Activities	(86,856)
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	94,337
Operating Transfers In	15,000
Advances In	22,500
Net Cash Provided by (Used for) Noncapital Financing Activities	131,837
<b>Cash Flows from Investing Activities:</b>	
Interest on Investments	1,379
<b>Cash Flows from Capital and Related Financing Activities:</b>	
Payments for Capital Acquisitions	(9,466)
Net Increase in Cash and Cash Equivalents	36,894
Cash and Cash Equivalents at Beginning of Year	5,207
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$42,101</b>
 <b>Reconciliation of operating income to net cash used for operating activities:</b>	
Operating Loss	(\$127,314)
<b>Adjustments to reconcile operating loss to net cash provided by (Used for) operating activities:</b>	
Depreciation	7,924
Donated Commodities Used During the Year	30,667
(Increase) Decrease in Assets:	
Accounts Receivable	48
Inventory Held for Resale	160
Increase (Decrease) in Liabilities:	
Compensated Absences Payable	1,588
Intergovernmental Payable	(1,356)
Deferred Revenue	(623)
Accounts Payable	(566)
Accrued Wages and Benefits	2,616
Total Adjustments	40,459
<b>Net cash used for operating activities</b>	<b>(\$86,856)</b>

*The notes to the general-purpose financial statements are an integral part of this statement.*

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**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Evergreen Local School District (the 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. Evergreen Local School District is a local school district as defined by Section 3311.03 of Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District. The board oversees the operations of the District's four instructional/support facilities.

**The Reporting Entity**

The District has implemented the Government Accounting Standards Board (GASB) pronouncements concerning the definition of the reporting entity. Accordingly, the District's balance sheet includes all funds, account groups, agencies, boards, commissions, and component units over which the District officials exercise oversight responsibility.

Oversight responsibility includes such aspects as appointment of governing body members, budget review, approval of property tax levies, outstanding debt secured by District full faith and credit or revenues, and responsibility for funding deficits. On this basis, there were no organizations subject to the District's oversight responsibility which required incorporation into the financial statements.

The School District is associated with organizations which are defined as jointly governed organizations, a related organization and insurance purchasing pools. These organizations include the Northwest Ohio Computer Association, the Northern Buckeye Education Council, the Four County Career Center, the Northern Buckeye Education Council's Employee Insurance Benefit Program, the Northern Buckeye Education Council Workers' Compensation Group Rating Plan, Evergreen Community Library, and a parochial school. These organizations are presented in Notes 14, 15 and 16 to the general-purpose financial statements.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Basis of Accounting**

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

All proprietary fund types 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. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., 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.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

The modified accrual basis of accounting is followed for the governmental fund types, expendable trust and agency funds. The full accrual basis of accounting is followed by the proprietary fund type.

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 the modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become 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 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, 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 in the fiscal year in which all eligibility requirements have been satisfied. 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 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 the 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 both measurable and available at fiscal year end: property taxes available as an advance, income taxes, grants, interest, tuition, and student fees.

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, are 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. On the modified accrual basis, revenues that are not collected within the available period are recorded as deferred revenue.

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 on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

**B. Fund Accounting**

The District maintains its accounting in accordance with the principles of "fund" accounting. Fund accounting is a concept developed to meet the needs of governmental entities in which legal or other restraints require the recording of specific receipts and disbursements. The transactions of each fund are reflected in a self-balancing group of accounts, an accounting entity which stands separate from the activities reporting in other funds. The restrictions associated with each class of funds are as follows:

*GOVERNMENTAL FUNDS*

The funds through which most Board of Education functions are typically financed.

*General Fund* - The fund used to account for all financial resources except those required to be segregated and accounted for in other funds. The General Fund is the general operating fund of the District.

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

*Debt Service Fund* - The fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs. According to the governmental accounting principles, the Debt Service Fund accounts for the payment of long-term debt for Governmental Funds only. Under Ohio law, the Debt Service Fund might also be used to account for the payment of debt for Proprietary Funds and the short-term debt of both Governmental and Proprietary Funds.

*Capital Projects Funds* - The funds 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 FUNDS*

The funds used to account for Board activities that are similar to business operations in the private sector. Proprietary Funds are accounted for on a flow of economic resources measurement focus. All assets and all liabilities (whether current or non-current) associated with their activity are included on their balance sheets. Proprietary fund measurement focus is upon determination of net income, financial position and cash flows.

*Enterprise Funds* - The funds used to account for operations that are financed and operated in a manner similar to private business enterprises, where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

*FIDUCIARY FUNDS*

The funds used to account for assets not owned by the Board, but held for a separate entity.

*Trust Funds* - The funds used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust Funds.

*Agency Funds* - The funds used to account for assets held by the District as an agent. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*ACCOUNT GROUPS*

*General Fixed Assets* - Fixed assets acquired or constructed for general governmental services are recorded as expenditures in the fund making the expenditures and capitalized at cost in the General Fixed Assets Account Group.

*General Long-Term Obligations* - This group of accounts is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

**C. Budgetary Accounting**

Budgets are adopted on a cash basis.

The Eisenhower Math and Science, Title VI-B Flow-Through, and the Preschool Disabilities special revenue funds are pass through grants in which the Northwest Ohio Educational Service Center is the primary recipient.

The District is required by State statute to adopt an annual appropriation budget for all funds. The specific timetable is as follows:

1. Prior to January 15, the Treasurer submits 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. A public hearing is publicized and conducted to obtain taxpayers' comments. The 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 County Budget Commission for 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. The annual appropriation measure (the true operating budget) is then developed at the fund, function and object level of expenditures, which are the legal levels of budgetary control.
4. A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

measure must be passed by October 1 of each year for a period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

5. The District maintains budgetary control by not permitting expenditures to exceed appropriations within the General fund, function and object without approval of the Board of Education. The Board permits management to make discretionary budgetary adjustments within all other funds. Any adjustments that alter the total fund appropriation require specific action of the Board.
6. 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 level.

The District's budget (budget basis) for all funds accounts for certain transactions on a basis which differs from generally accepted accounting principles (GAAP basis). The major differences between the budget basis and the GAAP basis are that:

1. Revenues are recorded when received in cash for budget purposes as opposed to when susceptible to accrual for GAAP purposes.
2. Expenditures and expenses are recorded when paid in cash or encumbered for budget purposes as opposed to when the liability is incurred for GAAP purposes.

An analysis of the difference between GAAP and budgetary basis for all governmental fund types for the year ended June 30, 2001 follows:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental and Similar Fiduciary Fund Types					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
Budget Basis	\$76,073	(\$32,847)	\$142,061	(\$10,922,721)	(\$383)
Revenue Accruals	(275,797)	7,342	20,240	(104,988)	
Expenditure Accruals	28,017	5,407		(1,318,290)	25
Encumbrances	100,917	21,709		4,353,475	500
GAAP Basis	(\$70,790)	\$1,611	\$162,301	(\$7,992,524)	\$142

**D. Encumbrances**

The District is required to use the encumbrance method of accounting. Under this system, purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation. 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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**E. Cash and Cash Equivalents**

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

During fiscal year 2001, investments were limited to federal agency securities, non-negotiable certificates of deposit, and STAR Ohio. Federal agency securities are reported at fair value, which is based on quoted market prices. Non-negotiable certificates of deposit 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.

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 and food service fund during the fiscal year 2001 amounted to \$521,092 and \$1,379, respectively.

Cash and cash equivalents held for the School District by the Northwest Ohio Educational Service Center are included on the combined balance sheet as "Cash with Fiscal Agent."

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 original maturities 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.

**F. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the amounts required by statute to be set-aside by the School District for worker compensation. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

Restricted assets in the capital projects fund represent construction escrow accounts. The District is required by State statute to open construction escrow accounts once a contract is fifty percent complete. At the completion of the contract the escrow account, including interest earned, will be paid to the contractor.

**G. 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.



**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**H. Fund Balance Reserves**

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for property tax advance, encumbrances and textbooks . The reserve for future appropriations represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

**I. Inventory**

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

**J. Property, Plant and Equipment**

**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. Contributed fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500, except for the cost of textbooks. This is based primarily on the uniqueness of these items to a school operation and an existing five-year textbook adoption policy. No depreciation is recognized for assets in General Fixed Assets Account Group. The District does not have any infrastructure.

**2. Proprietary Funds**

Property plant and equipment reflected in the Proprietary Funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Contributed fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided for furniture, fixtures, and equipment on a straight line basis over an estimated useful life of five to twenty years.

**K. Intergovernmental Revenues**

In governmental funds, entitlements and non-reimbursable grants are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Grants for Proprietary Fund operations are recognized as revenue when measurable and earned.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

This District currently participates in various state and federal programs, categorized as follows:

**Entitlements**

General Fund  
State Foundation Program  
School Bus Purchase Reimbursement

**Non-Reimbursable Grants**

Special Revenue Funds  
Auxiliary Services  
Teacher Development  
Education Management Information Systems (EMIS)  
Eisenhower Math and Science Grant (Through  
Northwest Ohio Educational Service Center)  
Title VI-B Flow Through (Through Northwest Ohio Educational Service Center)  
Title I Grant  
Title VI Grant  
Drug Free Grant  
Handicapped Preschool (Through Northwest Ohio Educational Service Center)  
Ohio Reads Grant  
SchoolNet Professional Development Grant  
Summer Intervention Grant

Capital Projects Fund  
SchoolNet Plus  
Power Up Grant  
Ohio SchoolNet PRAISE Grant  
ONEnet Connectivity Grant  
IVDL Subsidy Grant

**Reimbursable Grants**

Enterprise Fund  
National School Lunch Program  
Food Distribution Program

**L. 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 through which resources are to be expended are recorded 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.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

3. Short-term interfund loans are reflected as interfund loans receivable and interfund loans payable.

**M. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This information is not comparable to a consolidation. Interfund-type eliminations have not been made in the combining of the data.

**N. Compensated Absences**

The District has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 16, "Accounting for Compensated Absences". In conformity with GASB Statement No. 16, the District accrues vacation as earned by its employees if the leave is attributable to past service and it is probable that the District will compensate the employees for the benefits through paid time or some other means, such as cash payments at termination or retirement. Likewise, the District accrues for sick pay benefits as earned by those employees who currently are eligible to receive termination payments as well as other employees who are expected to become eligible in the future.

Sick leave benefits are accrued as a liability using the vested method. The liability includes the employees who are currently eligible to receive termination benefits and those the 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 District's termination policy.

For governmental funds, the District provides a liability for unpaid accumulated sick leave and vacation time for eligible employees in the period the employees become eligible to receive payment. The current portion of unpaid compensated absences is the amount to be paid using expendable available resources and is reported as an accrued liability in the fund from which the individuals who have accumulated the unpaid compensated absences are paid. The balance of the liability is reported in the General Long-Term Obligations Account Group. In proprietary funds, compensated absences are expensed when earned. The entire amount of unpaid compensated absences is reported as a fund liability.

**O. Pass-through Grants**

The Eisenhower Math and Science, Title VI-B Flow Through and the Handicapped Preschool special revenue funds are pass through grants in which the Northwest Ohio Education Service Center is the primary recipient. In accordance with GASB Statement No. 24 "Accounting and Financial Reporting for Certain Grants and Other Financial Assistance" the secondary recipients should report monies spent on their behalf by the primary recipient as revenue and operating expenses.

**3. DEPOSITS AND INVESTMENTS**

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

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

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

Protection of the School District's deposits is provided by the Federal Deposit 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 States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or 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 the federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);

Investments in stripped principal or interest obligations, reverse purchase 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

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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.

At fiscal year end, the School District had \$4,028 in cash and cash equivalents held by the Northwest Ohio Educational Service Center which is included on the balance sheet as "Cash with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District along with that of other school districts and therefore the School district cannot classify this money by risk under GASB Statement No. 3. Also, the District had \$367,507 held in escrow which is included in the balance sheet as "restricted assets with fiscal agents" .

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

**Deposits**

At the year end, the carrying amount of the District's deposits was \$1,298,317 and the bank balance was \$1,478,970. Of the bank balance, \$176,443 was covered by Federal Depository Insurance and \$1,302,527 was secured by pooled collateral that was held in the pledging financial institution's name. Although all state statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered for which the securities are held by the School District or the School District's 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 of agent but not in the School District's name. The \$5,285,602 carrying value in the State Treasurer's Investment Pool (STAR Ohio) represents the fair value at June 30, 2001. The School District's investments in STAR Ohio are unclassified since they are not evidenced by securities that exist in physical or book entry form.

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

A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

	Cash and Cash Equivalents	Investments
Per GASB Statement No. 9	\$6,955,454	
Reclassifications:		
Cash and Cash Equivalents with Education Service Center	(4,028)	
Escrow Accounts	(367,507)	
State Treasurer's Investment Pool	(5,285,602)	\$5,285,602
Per GASB Statement No. 3	\$1,298,317	\$5,285,602

**4. INTERFUND TRANSACTIONS**

The following is a reconciliation of the District's operating transfers and interfund receivable/payable for fiscal year 2001:

	Transfers In	Transfers (Out)	Interfund Receivable	Interfund Payable
General Fund		(\$515,200)	\$22,500	
Capital Projects Funds:				
Construction	\$500,000			
Enterprise Funds	15,000			(\$22,500)
Internal Service Fund				
Agency Funds:				
Student Managed Activity	200			
Totals	\$515,200	(\$515,200)	\$22,500	(\$22,500)

**5. SCHOOL DISTRICT INCOME TAX**

In 1990, the voters of the Evergreen Local School District passed a 3/4 percent school income tax on wages earned by residents of the District. The taxes are collected by the State Department of Taxation in the same manner as the state income tax. In the fiscal year ending June 30, 2001, the District recorded income tax revenue of \$899,373 in the General Fund, of which \$362,548 is recorded as a receivable at June 30, 2001.

**6. PROPERTY TAXES**

Property taxes include amounts levied against real, public utility, and tangible property located within the District. All property is required to be reappraised every six years with a triennial update.

Real property taxes, excluding public utility property, are assessed at 35 percent of appraised market value. Pertinent real property tax dates are:

Collection Dates	January and July of the current year
Lien Date	January 1 of the year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value.

The taxes are based on assessed values determined at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of the current calendar year. Pertinent tangible personal property tax dates are:

Collection Dates	April and September of the current year
Lien Date	January 1 of the current year
Levy Date	April 1 of the year preceding the collection year

Most public utility tangible personal property currently is assessed at 35 percent of its true value. Pertinent public utility tangible personal property tax dates are:

Collection Dates	January and July of the current year
Lien Date	December 31 of the second year preceding the collection year
Levy Date	April 1 of the year preceding the collection year

The County Treasurer collects real estate property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in March and August.

The County Treasurer collects personal property taxes on behalf of all taxing districts within the County. The County Auditor periodically remits to the District its portion of the taxes collected with final settlement in May and October.

Taxes receivable represent current and delinquent real property, tangible personal property, and public utility property taxes which are measurable at June 30, 2001. These taxes are intended to finance the next fiscal year's operations, and are therefore offset by a credit to deferred revenue, except for the portion which is available to advance as of June 30, 2001.

The assessed values of properties upon which property tax revenues were based are as follows:

	<u>Amount</u>
Agricultural/Residential	\$105,878,430
Commercial/Industrial	5,036,750
Public Utility Real Property	56,560
Public Utility Personal Property	16,047,740
General Personal Property	<u>5,787,819</u>
Total Assessed Value	<u><u>\$132,807,299</u></u>

**7. FIXED ASSETS**

A summary of changes in the General Fixed Assets Account Group is as follows:

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

	Balance at 7/01/00	Additions	Disposal	Balance at 6/30/01
<u>GFAAG</u>				
Land and Land Improvements	\$565,258			\$565,258
Buildings	3,118,793	\$95,770	11,265	3,203,298
Furniture, Fixtures and Equipment	1,346,558	161,153	4,428	1,503,283
Vehicles	1,123,744	131,950	89,151	1,166,543
Textbooks and Library Books	561,049	69,628	52,835	577,842
Construction in Progress	374,595	7,090,674		7,465,269
Total	<u>\$7,089,997</u>	<u>\$7,549,175</u>	<u>\$157,679</u>	<u>\$14,481,493</u>

A summary of the Enterprise Fund fixed assets follows:

<u>PROPRIETARY</u>				
Furniture, Fixtures and Equipment	210,103	9,466		\$219,569
Accumulated Depreciation	152,693	7,924		160,617
Net	<u>\$57,410</u>	<u>\$1,542</u>		<u>\$58,952</u>

**8. LONG-TERM OBLIGATIONS**

The following changes occurred in obligations reported in the General Long-Term Obligations Account Group:

	Balance at 7/01/00	Additions	Deductions	Balance at 6/30/01
General Obligation Bonds	\$12,533,308	\$61,910	\$254,309	\$12,340,909
Pension Obligation	62,659	67,409	62,659	67,409
Compensated Absences	546,361		4,286	542,075
Total	<u>\$13,142,328</u>	<u>\$129,319</u>	<u>\$321,254</u>	<u>\$12,950,393</u>

Debt outstanding at June 30, 2001 include Energy Conservation bonds totaling \$411,391 (interest rates at June 30, 2001 were 3.6 percent to 6.0 percent). The Energy Conservation bonds were issued in 1993, 1994, and 1996 and will mature in December 2003, 2004, and 2006, respectively.

On May 4, 1999 a bond issue for the purpose of renovating, rehabilitating, adding to, constructing, furnishing, equipping and otherwise improving school facilities acquiring and improving their sites was passed. Series 1999 School Improvement Bonds were issued September 8, 1999 for \$11,999,954 with interest rates ranging from 3.75 to 5.625 percent. The bond issue included serial, term and capital appreciation bonds. Current interest serial bonds mature annually from 2000 through 2014. Current interest terms bonds mature in 2019 and 2024. Capital appreciation bonds mature in 2006, 2007, and 2008. The maturity amount of the capital appreciation bonds is \$1,275,000. For fiscal year 2001, \$61,910 was accreted for a total capital appreciation bond value of \$319,518.

Total expenditures for interest for the above debt for the period ended June 30, 2001 was \$713,586.



**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

The scheduled payments of principal and interest on debt outstanding at June 30, 2001 are as follows:

Year Ending June 30	Principal	Interest	Total
2002	\$283,455	\$640,144	\$923,599
2003	303,101	626,842	929,943
2004	368,235	611,031	979,266
2005	363,521	593,595	957,116
Thereafter	11,022,597	7,501,011	18,523,608
Total	<u>\$12,340,909</u>	<u>\$9,972,623</u>	<u>\$22,313,532</u>

**9. COMPENSATED ABSENCES**

Employees earn vacation at rates specified under State of Ohio law and based on credited service. Employees with one or more years of service are entitled to vacation ranging from 10 to 20 days. Employees with less than one year of service earn 10 vacation days per year. However, the accumulated leave cannot be used until after one year of service. The Superintendent and Treasurer are permitted to carry over vacation leave.

All employees are entitled to a sick leave credit equal to one and one-quarter days for each month of service (earned on a pro rata basis for less than full-time employees). This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to a certified employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 50 days. The amount paid to a non-certified employee upon retirement is limited to one-fourth of the accumulated sick leave to a maximum of 33 days. After five years of continuous service with the School District, a retiring non-certified employee is entitled to receive \$20 per day for his/her accumulation of unused sick leave between the 132<sup>nd</sup> and the 240<sup>th</sup> day.

At June 30, 2001 the current amount of unpaid compensated absences in all funds, except for the proprietary funds, and the balance of the liability in the General Long-Term Obligation Account Group were \$37,381 and \$542,075, respectively. The liability for compensated absences in the proprietary funds at June 30, 2001 were \$19,325.

**10. PENSION AND RETIREMENT PLANS**

**A. School Employees Retirement System**

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available 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.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 4.2 percent was the portion used to fund pension obligations for the fiscal year 2001. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$185,999, \$178,439, and \$164,403, respectively; equal to 100 percent of the required contributions for each year.

**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. 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 School 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 STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$411,015, \$244,854, and \$228,411, respectively, equal to 100 percent of the required contributions for each year.

**11. POSTEMPLOYMENT BENEFITS**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are 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 pay a portion of health care cost in the form of a monthly premium. By 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 School District, this amount equaled \$194,691 during the 2001 fiscal year. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.419 million at June 30, 2000. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

For fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 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 \$134,066 for fiscal year 2001.

The surcharge added to the unallocated portion of 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS had approximately 50,000 participants currently receiving health care benefits.

**12. RISK MANAGEMENT**

**A. Comprehensive**

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are fully coinsured.

**B. Employee Insurance Benefits Program**

The District participates in the Northern Buckeye Education Council Employee Insurance Benefits Program (the Program), a public entity shared risk pool consisting of school districts within Defiance, Fulton, Henry, and Williams Counties and other eligible governmental entities. The District pays monthly premiums to the Northern Buckeye Education Council (NBEC) for the benefits offered to its employees which include health, dental, vision and life insurance. NBEC is responsible for the management and operations of the program. The agreement for the Program provides for additional assessments to participants if the premiums are insufficient to pay the program costs for the fiscal year. Upon withdrawal from the Program, a participant is responsible for any claims not processed and paid and any related administrative costs.

**C. Workers' Compensation Group Program**

The District participates in the Northern Buckeye Education Council Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool (Note 15). The Plan is intended to reduce premiums for the participants. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

Participation in the Plan is limited to educational entities that can meet the Plan's selection criteria. Each participant must apply annually. The Plan provides the participants with a centralized program for the processing, analysis and management of workers' compensation claims and a risk management program to assist in developing safer work environments. Each participant must pay its premiums, enrollment or other fees, and perform its obligations in accordance with the terms of the agreement.

**13. ENTERPRISE FUNDS SEGMENT INFORMATION**

The District maintains two Enterprise Funds which provide lunchroom/cafeteria and adult education. Segment information was as follows:

	Food Service	Adult Education	Total
Operating Revenues	\$320,493		\$320,493
Depreciation	7,924		7,924
Operating Loss	(127,315)		(127,315)
Donated Commodities	30,667		30,667
Grants	82,880		82,880
Net Income	2,612		2,612
Fixed Asset Additions	9,466		9,466
Net Working Capital	(7,544)	\$631	(6,913)
Total Assets	119,841	631	120,472
Total Liabilities	96,058		96,058
Total Equity	23,783	631	24,414

**14. JOINTLY GOVERNED ORGANIZATIONS**

**A. Northwest Ohio Computer Association**

The School District is a participant in the Northwest Ohio Computer Association (NWOCA). NWOCA is an association of public school districts within the boundaries of Defiance, Fulton, Henry, and Williams Counties. The organization was 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. NWOCA is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the School District to NWOCA during this fiscal year were \$105,696. Financial information can be obtained from Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. Northern Buckeye Education Council**

The Northern Buckeye Education Council (NBEC) was established in 1979 to foster cooperation among various educational entities located in Defiance, Fulton, Henry, and Williams counties. NBEC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its member educational entities and bylaws adopted by the representatives of the member educational entities. NBEC is governed by an elected Board consisting of two representatives from each of the four counties in which the member educational

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

entities are located. The Board is elected from an Assembly consisting of a representative from each participating educational entity. Total disbursements made by the School District to NBEC during the fiscal year ending June 30, 2001 was \$250. To obtain financial information write to the Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**C. Four County Career Center**

The Four County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the educational service centers from the counties of Defiance, Fulton, Henry, and Williams; one representative from each of the city school districts; one representative from each of the exempted village school districts; and one additional representative from the Northwest Ohio Educational Service Center. The Four County Career Center possesses its own budgeting and taxing authority. To obtain financial information write to the Lois Knuth, Treasurer at Route 1, Box 245A, Archbold, Ohio 43502.

**15. INSURANCE PURCHASING POOLS**

**A. Northern Buckeye Education Council's Employee Insurance Benefits Program**

Northern Buckeye Education Council Employee Insurance Benefits Program (the Pool) is a public entity shared risk pool consisting of educational entities located in Defiance, Fulton, Henry, and Williams counties. The Pool is governed by the Northern Buckeye Education Council and its participating members. Total disbursements made by the School District to NBEC for employee insurance benefits during fiscal year ending June 30, 2001 was \$705,183. Financial information can be obtained from Northern Buckeye Education Council, Cindy Siler, who serves as treasurer, at 22-900 State Route 34, Archbold, Ohio 43502.

**B. NBEC Workers' Compensation Group Rating Plan**

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Northern Buckeye Education Council Workers' Compensation Group Rating Plan (WCGRP) was established through the Northern Buckeye Education Council (NBEC) as an insurance purchasing pool. The WCGRP is governed by the Northern Buckeye Education Council and the participating members of the WCGRP. The Executive Director of the NBEC coordinates the management and administration of the program. Each year, the participating members pay an enrollment fee to the WCGRP to cover costs of administering the program. During fiscal year ending June 30, 2001, the School District paid an enrollment fee of \$923 to WCGRP to cover costs of administering the program.

**16. RELATED ORGANIZATION**

Non-public School - Within the School District's Boundaries, one non-public school is operated by a religious organization. Current state legislation provides funding to this non-public school. These monies are received and disbursed on behalf of the non-public school by the Treasurer of the School District. The accounting for these school operations is reflected as part of the Special Revenue Funds of the School District.

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

Evergreen Community Library - The library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Evergreen Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Evergreen Community Library, Patricia Dowling, located at 253 Maple Street, Metamora, Ohio 43540.

**17. 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 10, 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.

**18. SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

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

	Textbooks	Capital Acquisition	Budget Stabilization
Set-aside Cash Balance as of June 30, 2000	(\$17,636)		\$115,462
Current Year Set-aside Requirement	177,243	\$177,243	
Current Year Offsets		(177,243)	
Qualifying Disbursements	(246,943)		
Legislative Reduction			(88,647)
Balance Carried Forward to FY 2002	(\$87,336)		\$26,815
Cash Balance Carried Forward to FY 2002			\$26,815

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may be used to reduce the set-aside requirements of future years.

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended Ohio Revised Code Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. S.B. 345 places special restrictions of the use of Bureau of Workers Compensation (BWC) rebate money remaining in the budget stabilization reserve as of April 10, 2001, which, after qualifying expenditures, is \$26,815 at June 30, 2001. Other non-BWC monies previously reported in the budget stabilization reserve are now reported as unreserved and undesignated fund balance in the general fund. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

**19. OPERATING LEASES**

The School District is obligated under leases for copy and risograph machines accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the results of the lease agreements are not reflected in the General Fixed Asset Account Group. Total disbursements for operating leases during the fiscal year ending June 30, 2001 was \$41,142.

**20. CHANGE IN ACCOUNTING PRINCIPLES**

For fiscal year 2001, the School 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. 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. For the School District, the implementation of these

**EVERGREEN LOCAL SCHOOL DISTRICT  
FULTON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

statements had no effect on fund balances/retained earnings as previously reported for the fiscal year ended June 30, 2000.

**21. LITIGATION**

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





STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

One Government Center  
Room 1420  
Toledo, Ohio 43604-2246  
Telephone 419-245-2811  
800-443-9276  
Facsimile 419-245-2484  
www.auditor.state.oh.us

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

Evergreen Local School District  
Fulton County  
14544 County Road 6  
Metamora, Ohio 43540-9740

To the Board of Education:

We have audited the financial statements of Evergreen Local School District as of and for the year ended June 30, 2001, and have issued our report thereon dated January 10, 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 Evergreen Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Evergreen Local 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 management of Evergreen Local School District in a separate letter dated January 10, 2002.

Evergreen Local School District  
Fulton 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 management and the 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 10, 2002



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**EVERGREEN LOCAL SCHOOL DISTRICT**

**FULTON 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 29, 2002**