



**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

GREENON LOCAL SCHOOL DISTRICT

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REPORT OF INDEPENDENT ACCOUNTANTS

Greenon Local School District
Clark County
1215 Old Mill Road
Springfield, Ohio 45506

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Greenon Local School District, Clark County, (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 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 Greenon Local School District, Clark County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As disclosed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statements No. 33, Accounting and Reporting for Nonexchange Transactions, and No. 36, Recipient Reporting for Certain Shared Nonexchange Transactions.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 7, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 7, 2001

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**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,036,204	\$218,386	\$500,755	\$200,237
Cash and Cash Equivalents:				
In Segregated Accounts		2,723		
With Fiscal Agents			2,330	
With Escrow Agents				36,443
Receivables:				
Taxes	5,038,728		195,162	496,345
Accounts	196,252			
Intergovernmental		54,480		
Interfund Receivable	3,079			
Prepaid Items	7,711			
Inventory of Supplies and Materials	1,126			
Inventory Held for Resale				
Restricted Assets:				
Cash and Cash Equivalents	32,397			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of General Long-Term Obligations				
Amount to be Provided from				
General Government Resources				
Total Assets and Other Debits	<u>7,315,497</u>	<u>275,589</u>	<u>698,247</u>	<u>733,025</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	62,900	9,721		5,980
Contracts Payable				30,232
Retainage Payable				36,443
Accrued Salaries Payable	977,499	24,223		
Intergovernmental Payable	220,852	4,735		
Interfund Payable		388		
Due to Students				
Deferred Revenue	4,315,072	639	173,676	436,105
Compensated Absences Payable	6,207			
Matured Interest Payable			2,330	
Capital Leases Payable				
Special Termination Benefit Payable				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>5,582,530</u>	<u>39,706</u>	<u>176,006</u>	<u>508,760</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	123,968	20,175		78,618
Reserved for Budget Stabilization	32,397			
Reserved for Inventory of Supplies and Materials	1,126			
Reserved for Property Taxes	752,995		21,486	60,240
Reserved for Endowments				
Unreserved, Designated for Budget Stabilization	218,555			
Unreserved, Undesignated	603,926	215,708	500,755	85,407
Total Fund Equity and Other Credits	<u>1,732,967</u>	<u>235,883</u>	<u>522,241</u>	<u>224,265</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,315,497</u>	<u>\$275,589</u>	<u>\$698,247</u>	<u>\$733,025</u>

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$21,080	\$82,943			\$3,059,605
				2,723
				2,330
				36,443
				5,730,235
				196,252
				54,480
				3,079
				7,711
1,927				3,053
7,916				7,916
				32,397
115,493		\$24,320,269		24,435,762
			\$522,241	522,241
			988,907	988,907
<u>146,416</u>	<u>82,943</u>	<u>24,320,269</u>	<u>1,511,148</u>	<u>35,083,134</u>
				\$78,601
				30,232
				36,443
29,295				1,031,017
16,815			114,085	356,487
2,691				3,079
	42,064			42,064
5,992				4,931,484
16,143			788,468	810,818
				2,330
			5,405	5,405
			58,841	58,841
			274,349	274,349
			270,000	270,000
<u>70,936</u>	<u>42,064</u>		<u>1,511,148</u>	<u>7,931,150</u>
		24,320,269		24,320,269
91,818				91,818
(16,338)				(16,338)
				222,761
				32,397
				1,126
				834,721
	10,000			10,000
				218,555
	30,879			1,436,675
<u>75,480</u>	<u>40,879</u>	<u>24,320,269</u>		<u>27,151,984</u>
<u>\$146,416</u>	<u>\$82,943</u>	<u>\$24,320,269</u>	<u>\$1,511,148</u>	<u>\$35,083,134</u>

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$4,381,228		\$153,900	\$441,318		\$4,976,446
Intergovernmental	6,265,835	\$400,711	45,742	151,417		6,863,705
Interest	190,770			15,087	\$927	206,784
Tuition and Fees	64,389					64,389
Extracurricular Activities	3,967	268,744				272,711
Miscellaneous	86,260	5,354		6,300		97,914
Gifts and Donations		55,715				55,715
Total Revenues	<u>10,992,449</u>	<u>730,524</u>	<u>199,642</u>	<u>614,122</u>	<u>927</u>	<u>12,537,664</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,302,371	93,819				5,396,190
Special	611,700	118,920				730,620
Vocational	414,008					414,008
Support Services:						
Pupils	480,275					480,275
Instructional Staff	512,185	243,607				755,792
Board of Education	90,282					90,282
Administration	1,156,100	150				1,156,250
Fiscal	337,578			6,654		344,232
Business		155,464				155,464
Operation and Maintenance of Plant	1,337,604			53,887		1,391,491
Pupil Transportation	880,616					880,616
Central	31,378	8,253		57,430		97,061
Operation of Non-Instructional Services					57	57
Extracurricular Activities	134,558	159,244			500	294,302
Capital Outlay	8,182			1,735,512		1,743,694
Debt Service:						
Principal Retirement	5,776		131,404			137,180
Interest and Fiscal Charges	1,095		28,105			29,200
Total Expenditures	<u>11,303,708</u>	<u>779,457</u>	<u>159,509</u>	<u>1,853,483</u>	<u>557</u>	<u>14,096,714</u>
Excess of Revenues Over (Under) Expenditures	<u>(311,259)</u>	<u>(48,933)</u>	<u>40,133</u>	<u>(1,239,361)</u>	<u>370</u>	<u>(1,559,050)</u>
Other Financing Sources (Uses):						
Proceeds of Notes	232,945					232,945
Proceeds from Sale of Fixed Assets	47,230					47,230
Operating Transfers In			46,482	732,945		779,427
Operating Transfers Out	<u>(779,427)</u>					<u>(779,427)</u>
Total Other Financing Sources (Uses)	<u>(499,252)</u>		<u>46,482</u>	<u>732,945</u>		<u>280,175</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(810,511)	(48,933)	86,615	(506,416)	370	(1,278,875)
Fund Balances at Beginning of Year (Restated - See Note 3)	2,547,433	284,816	435,626	730,681	17,879	4,016,435
Decrease in Reserve for Inventory	<u>(3,955)</u>					<u>(3,955)</u>
Fund Balances at End of Year	<u>\$1,732,967</u>	<u>\$235,883</u>	<u>\$522,241</u>	<u>\$224,265</u>	<u>\$18,249</u>	<u>\$2,733,605</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$4,988,646	\$4,988,646				
Intergovernmental	6,267,835	6,267,835		\$403,243	\$403,243	
Interest	190,770	190,770				
Tuition and Fees	64,709	64,709				
Extracurricular Activities				236,827	269,124	\$32,297
Miscellaneous	53,854	53,854		5,354	5,354	
Gifts and Donations				54,715	55,715	1,000
Total Revenues	<u>11,565,814</u>	<u>11,565,814</u>		<u>700,139</u>	<u>733,436</u>	<u>33,297</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,143,135	5,128,864	\$14,271	148,489	88,450	60,039
Special	579,785	609,414	(29,629)	138,599	115,807	22,792
Vocational	407,533	405,646	1,887			
Other	194,418	193,256	1,162			
Support Services:						
Pupils	481,067	477,243	3,824			
Instructional Staff	517,682	515,259	2,423	337,590	252,466	85,124
Board of Education	92,674	91,568	1,106			
Administration	1,140,578	1,136,361	4,217	300	150	150
Fiscal	343,911	343,518	393			
Business				160,893	158,662	2,231
Operation and Maintenance of Plant	1,433,502	1,424,434	9,068			
Pupil Transportation	1,043,937	1,042,149	1,788			
Central	25,319	25,305	14	6,000	8,253	(2,253)
Operation of Non-Instructional Services						
Extracurricular Activities	134,770	134,212	558	158,201	163,168	(4,967)
Capital Outlay	8,182	8,182				
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	<u>11,546,493</u>	<u>11,535,411</u>	<u>11,082</u>	<u>950,072</u>	<u>786,956</u>	<u>163,116</u>
Excess of Revenues Over (Under) Expenditures	<u>19,321</u>	<u>30,403</u>	<u>11,082</u>	<u>(249,933)</u>	<u>(53,520)</u>	<u>196,413</u>
Other Financing Sources (Uses):						
Proceeds of Notes	232,945	232,945				
Proceeds from Sale of Fixed Assets	47,230	47,230				
Refund of Prior Year Expenditures	32,406	32,406				
Operating Transfers In	0	0				
Operating Transfers Out	(801,292)	(779,427)	21,865			
Advances In	11,024	11,024		388	388	
Advances Out	(25,000)	(388)	24,612	(11,024)	(11,024)	
Total Other Financing Sources (Uses)	<u>(502,687)</u>	<u>(456,210)</u>	<u>46,477</u>	<u>(10,636)</u>	<u>(10,636)</u>	
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(483,366)</u>	<u>(425,807)</u>	<u>57,559</u>	<u>(260,569)</u>	<u>(64,156)</u>	<u>196,413</u>
Fund Balances (Deficit) at Beginning of Year	2,205,413	2,205,413		188,533	188,533	
Prior Year Encumbrances Appropriated	134,133	134,133		65,363	65,363	
Fund Balances (Deficit) at End of Year	<u>\$1,856,180</u>	<u>\$1,913,739</u>	<u>\$57,559</u>	<u>(\$6,673)</u>	<u>\$189,740</u>	<u>\$196,413</u>

See Accompanying Notes to the General Purpose Financial Statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$192,717	\$192,717		\$798,516	\$489,911	(\$308,605)			
24,256	24,256		191,417	151,417	(40,000)			
			19,960	15,087	(4,873)	\$927	\$927	
			10,249	6,300	(3,949)			
<u>216,973</u>	<u>216,973</u>		<u>1,020,142</u>	<u>662,715</u>	<u>(357,427)</u>	<u>990</u>	<u>990</u>	
						<u>1,917</u>	<u>1,917</u>	
			9,000	8,536	464			
			52,638	58,969	(6,331)			
			79,669	57,430	22,239			
			1,924		1,924	70	57	\$13
			3,714,089	2,033,657	1,680,432	2,500	500	2,000
131,404	131,404							
28,322	28,105	\$217						
<u>159,726</u>	<u>159,509</u>	<u>217</u>	<u>3,857,320</u>	<u>2,158,592</u>	<u>1,698,728</u>	<u>2,570</u>	<u>557</u>	<u>2,013</u>
<u>57,247</u>	<u>57,464</u>	<u>217</u>	<u>(2,837,178)</u>	<u>(1,495,877)</u>	<u>1,341,301</u>	<u>(653)</u>	<u>1,360</u>	<u>2,013</u>
46,482	46,482		875,517	732,945	(142,572)			
<u>46,482</u>	<u>46,482</u>		<u>875,517</u>	<u>732,945</u>	<u>(142,572)</u>			
103,729	103,946	217	(1,961,661)	(762,932)	1,198,729	(653)	1,360	2,013
396,809	396,809		(1,057,927)	(1,057,927)		16,389	16,389	
			1,935,828	1,935,828		500	500	
<u>\$500,538</u>	<u>\$500,755</u>	<u>\$217</u>	<u>(\$1,083,760)</u>	<u>\$114,969</u>	<u>\$1,198,729</u>	<u>\$16,236</u>	<u>\$18,249</u>	<u>\$2,013</u>

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$384,455		\$384,455
Charges for Services	78,466		78,466
Interest		\$1,371	1,371
Total Operating Revenues	<u>462,921</u>	<u>1,371</u>	<u>464,292</u>
Operating Expenses:			
Salaries	207,511		207,511
Fringe Benefits	71,871		71,871
Purchased Services	21,336		21,336
Materials and Supplies	19,439		19,439
Cost of Sales	226,180		226,180
Depreciation	7,822		7,822
Total Operating Expenses	<u>554,159</u>		<u>554,159</u>
Operating Income (Loss)	<u>(91,238)</u>	<u>1,371</u>	<u>(89,867)</u>
Non-Operating Revenues:			
Interest	430		430
Federal and State Subsidies	61,191		61,191
Federal Donated Commodities	38,892		38,892
Total Non-Operating Revenues	<u>100,513</u>		<u>100,513</u>
Net Income	9,275	1,371	10,646
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(25,613)</u>	<u>21,259</u>	<u>(4,354)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>(\$16,338)</u>	<u>\$22,630</u>	<u>\$6,292</u>

See Accompanying Notes to the General Purpose Financial Statements.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$384,455	\$384,455				
Charges for Services	82,572	82,572				
Interest	430	430		\$1,371	\$1,371	
Federal and State Subsidies	68,071	68,071				
Total Revenues	535,528	535,528		1,371	1,371	
Expenses:						
Salaries	230,220	222,613	\$7,607			
Fringe Benefits	84,976	87,759	(2,783)			
Purchased Services	9,962	9,299	663			
Materials and Supplies	220,000	205,597	14,403			
Capital Outlay	2,715	2,715				
Other				1,500		\$1,500
Total Expenses	547,873	527,983	19,890	1,500		1,500
Excess of Revenues Over (Under) Expenses	(12,345)	7,545	19,890	(129)	1,371	1,500
Fund Equity at Beginning of Year	9,732	9,732		21,259	21,259	
Prior Year Encumbrances Appropriated	612	612				
Fund Equity (Deficit) at End of Year	(\$2,001)	\$17,889	\$19,890	\$21,130	\$22,630	\$1,500

See Accompanying Notes to the General Purpose Financial Statements.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$467,027		\$467,027
Cash Payments for Employee Services and Benefits	(310,372)		(310,372)
Cash Payments to Suppliers for Goods and Services	(215,321)		(215,321)
Net Cash Used In Operating Activities	(58,666)		(58,666)
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Grants Received	68,071		68,071
Proceeds from Advance from General Fund	2,691		2,691
Net Cash Provided By Noncapital Financing Activities	70,762		70,762
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(1,790)		(1,790)
Net Cash Used In Capital and Related Financing Activities	(1,790)		(1,790)
Cash Flows from Investing Activities:			
Interest	430	\$1,371	1,801
Net Cash Provided By Investing Activities	430	1,371	1,801
Net Increase in Cash and Cash Equivalents	10,736	1,371	12,107
Cash and Cash Equivalents Beginning of Year	10,344	21,259	31,603
Cash and Cash Equivalents End of Year	\$21,080	\$22,630	\$43,710
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:			
Operating Income (Loss)	(\$91,238)	\$1,371	(\$89,867)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	7,822		7,822
Donated Commodities Used	38,892		38,892
Nonexpendable Trust Interest		(1,371)	(1,371)
Changes in Assets and Liabilities:			
Decrease in Materials and Supplies Inventory	75		75
Decrease in Inventory Held for Resale	630		630
Increase in Accrued Salaries Payable	2,162		2,162
Decrease in Intergovernmental Payable	(15,888)		(15,888)
Decrease in Compensated Absences Payable	(1,121)		(1,121)
Net Cash Used in Operating Activities	(\$58,666)	\$0	(\$58,666)

Non-Cash Capital and Related Financing Activities:

The Food Service Enterprise Fund received assets totaling \$91,818 that were purchased from governmental funds.

Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet

Cash and Cash Equivalents-All Fiduciary Funds	\$82,943
Cash and Cash Equivalents-Expendable Trust and Agency Funds	(60,313)
Cash and Cash Equivalents-Nonexpendable Trust Fund	\$22,630

See Accompanying Notes to the General Purpose Financial Statements.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greenon Local School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State and/or federal agencies. This Board of Education controls the School District's four instructional/support facilities.

A. Reporting Entity:

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

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

The School District is associated with four jointly governed organizations and one insurance purchasing pool. These organizations are the Miami Valley Educational Computer Association (MVECA), the Southwestern Ohio Educational Purchasing Council (SOEPC), the Southwestern Ohio Instructional Technology Association (SOITA), the Clark County Family and Children First Council (FCF), and the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), respectively. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources (other than for the expendable trust or major capital projects) that are legally restricted to expenditure for specified purposes.

Debt Service Fund

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

Capital Projects Funds

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Type:

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

Enterprise Funds

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

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include an expendable trust, a nonexpendable trust, and an agency fund. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. The School District's agency fund is custodial in nature (assets equal liabilities) and does 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 obligations related to specific funds and those of a general nature, the following account groups are used:

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 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 enterprise funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The proprietary fund type and the nonexpendable trust fund operating statement presents increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported 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 in 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. 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.

C. Budgetary Process

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

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The preschool special revenue fund grant activity that is administered by a fiscal agent is not budgeted by the School District. The legal level of budgetary control is at the function level within each fund. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year.

The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund and function level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, three supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds and the preschool special revenue fund, consistent with statutory provisions. The Treasurer has been given the authority to further allocate appropriations to objects within each fund and function.

4. Encumbrances:

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

5. Lapsing of Appropriations:

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

D. Cash and Investments

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. One fund had expended amounts greater than its share of pooled cash and cash equivalents. This fund had a negative cash balance at fiscal year end that was eliminated by a short-term loan from the general fund.

The School District has segregated bank accounts for monies held separate from the School District's central bank account. These interest bearing depository accounts are presented in the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" since they are not required to be deposited into the School District treasury. The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. Cash and cash equivalents that are held separately in escrow accounts at a financial institution for retainages and not held with the Treasurer are recorded in the balance sheet as "Cash and Cash Equivalents with Escrow Agents," and represent deposits.

During fiscal year 2001, the School District did not have any investments.

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Investment earnings are allocated to the general fund, the permanent improvement capital projects fund, the expendable trust fund, the food service enterprise fund, and the nonexpendable trust fund in accordance with the School District's policy. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$190,770, which includes \$50,443 assigned from other School District funds. The capital projects funds, expendable trust fund, enterprise funds, and the nonexpendable trust fund also received interest in the amount of \$15,087, \$927, \$430, and \$1,371, respectively.

E. Restricted Assets

Restricted assets in the general fund are cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

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

G. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is reported in the year in which services are consumed.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables" and "Interfund Payables."

J. Contributed Capital

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Compensated Absences

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

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

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

L. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, special termination benefits, and the 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. Amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. General obligation bonds, capital leases, special termination benefits, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

M. Interfund Transactions

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, budget stabilization, inventory of supplies and materials, property taxes, and endowments. The reserve for property taxes represents taxes recognized as revenue under generally accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for endowments represents principal in the nonexpendable trust fund that cannot be spent.

O. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designations reflect the school district's intentions and are subject to change. Designations are reported as part of unreserved fund balance. Designations arise when amounts set-aside exceed the statutory required amount. The amount designated for budget stabilization this year for the School District is \$218,555.

P. 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.

Q. Total Columns on General Purpose Financial Statements

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

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions," and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues." The effect of this change on the excess of revenues and other financing sources over expenditures and other financing uses and the effect on opening fund balances follows:

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE
(Continued)**

	Governmental Fund Type
	Special Revenue
Excess as previously reported	\$455,479
Restatement:	
Intergovernmental Receivables	60,000
Restated Amount for the Year Ended June 30, 2000	\$515,479
	Governmental Fund Type
	Special Revenue
Fund Balance at June 30, 2000	\$224,816
Restatement:	
Intergovernmental Receivables	60,000
Restated Amount at June 30, 2000	\$284,816

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2001, the capital projects capital projects fund had a deficit fund balance of \$88. The general fund is liable for any deficit in this fund and provides operating transfers when cash is needed, not when accruals occur. At June 30, 2001, the food service enterprise fund had a deficit retained earnings of \$33,211. The deficit in this fund is a result of lunch prices not covering operational costs. The School District will continue to monitor this deficit and raise the lunchroom prices so that the deficit will be eliminated.

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001:

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Eisenhower Grant	\$5,750	\$13,181	\$7,431
Title VI B	136,077	145,437	9,360
Ohio Reads	108,546	163,897	55,351
Title I	93,301	107,542	14,241
Title VI	13,667	20,414	6,747
Pre-School Grant	0	8,517	8,517
Classroom Size Reduction	30,012	47,119	17,107
Continuous Improvement	4,831	4,838	7
Capital Projects Fund:			
Permanent Improvement	1,893,389	2,998,135	1,104,746
Enterprise Fund:			
Food Service	453,568	472,582	19,014

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

Contrary to Section 5705.41(B), Ohio Revised Code, the following accounts had expenditures plus encumbrances in excess of appropriations:

<u>Fund/Function</u>	<u>Appropriations</u>	<u>Expenditures Plus Encumbrances</u>	<u>Excess</u>
General Fund:			
Regular Instruction	\$579,785	\$609,414	\$29,629
Special Revenue Funds:			
Athletic, Extracurricular Activities	158,201	163,168	4,967
Emergency Management Information Systems, Central	6,000	8,253	2,253
Title VI, Regular Instruction	1,973	2,317	344
Capital Projects Fund:			
Permanent Improvement, Operation and Maintenance of Plant	52,638	58,969	6,331
Capital Projects, Capital Outlay	779,516	784,502	4,986
Enterprise Fund:			
Food Service, Fringe Benefits	75,485	78,528	3,043

5. BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

5. The School District does not budget for the activities of the preschool special revenue fund administered by the fiscal agent who collects and holds the assets (budget basis). However, the activities of the fiscal agent that pertain to Greenon Local School District are included in the special revenue funds for GAAP reporting purposes (GAAP basis).
6. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	(\$810,511)	(\$48,933)	\$86,615	(\$506,416)	\$370
Revenue Accruals	605,771	2,912	17,331	48,593	990
Expenditure Accruals	(74,613)	20,433	0	(219,841)	0
Encumbrances	(157,553)	(28,646)	0	(85,268)	0
Non-Budgeted Funds	0	714	0	0	0
Prepaid Items	463	0	0	0	0
Advances	10,636	(10,636)	0	0	0
Budget Basis	<u>(\$425,807)</u>	<u>(\$64,156)</u>	<u>\$103,946</u>	<u>(\$762,932)</u>	<u>\$1,360</u>

**Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type**

	<u>Enterprise</u>
GAAP Basis	\$9,275
Revenue Accruals	10,986
Expense Accruals	(17,543)
Depreciation Expense	7,822
Capital Outlay	(1,790)
Encumbrances	(500)
Materials and Supplies Inventory	(75)
Inventory Held for Resale	(630)
Budget Basis	<u>\$7,545</u>

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

6. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current 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, but not limited to, passbook accounts.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure 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 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. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

6. DEPOSITS AND INVESTMENTS (Continued)

6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

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

Deposits: At year end, the carrying amount of the School District's deposits was \$3,133,498 and the bank balance was \$3,568,698. Of the bank balance:

1. \$238,773 was covered by federal depository insurance; and
2. \$3,329,925 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

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 Accounts." There is no difference between the classifications of cash and cash equivalents per GASB Statement No. 9 and GASB Statement No. 3.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half distributions occur in the first half of the following fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001 on the assessed value listed as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien on December 31, 2000, are levied after April 1, 2001, and are collected in 2002 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$179,430,170	89.94%	\$181,990,230	89.76%
Public Utility	10,752,870	5.39	9,995,280	4.93
Tangible Personal Property	9,309,952	4.67	10,759,850	5.31
Total Assessed Value	<u>\$199,492,992</u>	<u>100.00%</u>	<u>\$202,745,360</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$41.57		\$41.57	

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

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

The School District receives property taxes from Clark County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

7. PROPERTY TAXES (Continued)

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, 2001, 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 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$834,721. \$752,995 was available to the general fund, \$21,486 was available to the bond retirement debt service fund, and \$60,240 was available to the permanent improvement capital projects fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services and student fees), intergovernmental grants, and interfund. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
Martha Holden Jennings Grant	\$3,000
Eisenhower Grant	639
Title VI-B	14,869
Title I	13,520
Title VI	5,355
Classroom Size Reduction	17,097
Total All Funds	\$54,480

9. FIXED ASSETS

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

Furniture and Equipment	\$287,391
Less: Accumulated Depreciation	(171,898)
Net Fixed Assets	\$115,493

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

Asset Category	Balance at 06/30/00	Additions	Deletions	Balance at 06/30/01
Land, Buildings, and Improvements	\$17,928,019	\$0	\$0	\$17,928,019
Furniture, Fixtures and Equipment	3,074,486	224,504	23,107	3,275,883
Vehicles	1,264,061	254,450	128,632	1,389,879
Construction in Progress	0	1,726,488	0	1,726,488
Total General Fixed Assets	\$22,266,566	\$2,205,442	\$151,739	\$24,320,269

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

10. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft of damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Utica National Insurance Group for property and automobile insurance. The School District contracted with Nationwide Insurance for general liability coverage.

Coverage provided by Nationwide Insurance is as follows:

General Liability	
Per occurrence	\$ 1,000,000
Total per year	5,000,000

Coverages provided by Utica Insurance are as follows:

Automobile Liability (\$500 deductible)	1,000,000
Property Insurance (\$1,000 deductible)	27,342,668

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

B. Workers' Compensation

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 19). 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 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 Integrated Comp, Inc. provides administrative, cost control and actuarial services to the GRP.

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$61,058, \$66,540 and \$121,749, respectively; 33.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$40,601 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$560,540, \$316,355 and \$275,298, respectively; 84.19 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$88,608 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, four members of the Board of Education have elected Social Security and one participates in SERS. The Board's liability is 6.2 percent of wages paid.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

12. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$265,519 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.80 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 was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$174,442.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information 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 has approximately 50,000 participants currently receiving health care benefits.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

13. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 260 days for all personnel. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 60 days.

B. Insurance Benefits

The School District has elected to provide employee medical/surgical benefits through United Healthcare of Ohio. The Board pays 100 percent of the monthly premium. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the School District to most employees through CoreSource. Vision insurance is provided by the School District to most employees through Vision Service Plan. The School District provides life insurance and accidental death and dismemberment insurance to most employees through CoreSource.

C. Special Termination Benefits

For fiscal year 2001, the School District offered eligible employees a special termination benefit. To be eligible, the employee must meet the requirements set forth by the State Teachers Retirement System. Anyone who was eligible to retire had to give written notice by March 30, 2001, that they intended to retire. Those who did, will receive a special termination benefit equal to 40% of their base pay for the current fiscal year. Payment to an eligible employee will be made in two equal installments, the first of which will occur in the September immediately following the employee's retirement and the second of which will occur one year later.

14. CAPITAL LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into a capitalized lease for a copier. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by the lease have been capitalized in the general fixed assets account group in the amount of \$21,445, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2001.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

14. CAPITAL LEASES - LESSEE DISCLOSURE (Continued)

Fiscal Year Ending June 30,	General Long-Term Obligations
2002	\$5,726
Less: amount representing interest	(321)
Present value of net minimum lease payments	\$5,405

15. LONG-TERM OBLIGATIONS

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

	Amount Outstanding 6/30/00	Additions	Deductions	Amount Outstanding 6/30/01
School Improvement Bonds				
Bond 1979 6.50%	\$360,000	\$0	\$90,000	\$270,000
Energy Conservation Loan, 1992 6.2%	82,808	0	41,404	41,404
Energy Conservation Loan 2001 5.64%	0	232,945	0	232,945
Total	442,808	232,945	131,404	544,349
Other Long-Term Obligations:				
Capital Leases	11,181	0	5,776	5,405
Compensated Absences	806,767	0	18,299	788,468
Special Termination Benefit Payable	75,510	0	16,669	58,841
Intergovernmental Payable	85,564	114,085	85,564	114,085
Total General Long-Term Obligations	\$1,421,830	\$347,030	\$257,712	\$1,511,148

A. School Improvement General Obligation Bonds

On July 1, 1979, Greenon Local School District issued \$2,150,000 in voted general obligation bonds for the purpose of an addition and improvements to the schools in the District. The bonds were issued for a fourteen year period with final maturity at December 1, 2003. The bonds will be retired from the debt service fund.

B. Energy Conservation Loans

In 1992, Greenon Local School District issued \$331,232 in unvoted general obligation loans for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The loans were issued for a ten fiscal year period with final maturity during fiscal year 2002. The loans will be retired from the debt service fund.

In 2001, Greenon Local School District issued \$232,945 in unvoted general obligation loans for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The loans were issued for a fifteen year period with final maturity during fiscal year 2011. The loans will be retired from the debt service fund.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

15. LONG-TERM OBLIGATIONS (Continued)

The capital lease obligation will be paid from the general fund. Compensated absences and the special termination benefit will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$18,247,082, the energy conservation loan debt margin was \$1,550,359 with an unvoted debt margin of \$202,745 at June 30, 2001. Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2001 are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$154,698	\$28,857	\$183,555
2003	113,295	19,934	133,229
2004	113,295	12,995	126,290
2005	23,295	8,868	32,163
2006	23,295	7,574	30,869
2007-2011	116,471	18,067	134,538
Total	<u>\$544,349</u>	<u>\$96,295</u>	<u>\$640,644</u>

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of lunchroom and latchkey services. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2001.

	<u>Lunchroom</u>	<u>Latchkey Services</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$384,455	\$78,466	\$462,921
Depreciation	7,289	533	7,822
Operating Loss	(102,258)	11,020	(91,238)
Federal and State Subsidies	61,191	0	61,191
Interest	430	0	430
Federal Donated Commodities	38,892	0	38,892
Net Income (Loss)	(1,745)	11,020	9,275
Fixed Asset Additions	93,608	0	93,608
Net Working Capital	(54,035)	14,022	(40,013)
Total Assets	122,485	23,931	146,416
Contributed Capital	91,818	0	91,818
Total Fund Equity	58,607	16,873	75,480
Total Encumbrances	500	0	500

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

17. INTERFUND ACTIVITY

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

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$3,079	\$0
Special Revenue Fund:		
Title VI	0	388
Enterprise Fund:		
Food Service	0	2,691
Total All Funds	<u>\$3,079</u>	<u>\$3,079</u>

18. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association - The School District is a participant in the Miami Valley Educational Computer Association (MVECA) which is a computer consortium. MVECA is an association of public school districts within the boundaries of Clark and Greene 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. The governing board of MVECA consists of one representative from each county elected by majority vote of all charter member school districts within each county plus one representative from the fiscal agent. The School District paid MVECA \$13,559 for services provided during the year. Financial information can be obtained from Gary Bosserman, Director, at MVECA at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during this one year period.

Payments to SOEPC are made from the general fund. During fiscal year 2001, the Greenon Local School District paid \$1,149 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

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

18. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southwestern Ohio Instructional Technology Association - The Southwestern Ohio Instructional Technology Association (SOITA) is a not-for-profit corporation formed under Section 1702.01 of the Ohio Revised Code. The purpose of the corporation is to serve the educational needs of the area through television programming for the advancement of educational programs. The Board of Trustees is comprised of twenty-one representatives of SOITA member schools or institutions. Nineteen representatives are elected from within the counties by the qualified members within the counties, i.e. Auglaize, Butler, Champaign, Clark, Clinton, Darke, Fayette, Greene, Hamilton, Logan, Mercer, Miami, Montgomery, Preble, Shelby, and Warren. Montgomery, Greene and Butler Counties elect two representatives per area. All others elect one representative per area. One at-large non-public representative is elected by the non-public school SOITA members in the State-assigned SOITA service area. One at-large higher education representative is elected by higher education SOITA members from within the State-assigned SOITA service area.

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the School District paid \$1,118 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

Clark County Family and Children First Council - The Clark County Family and Children First Council (FCF) is a voluntary association established with the purpose to coordinate and integrate those services within Clark County which are available for families and to establish a comprehensive, coordinated, multi-disciplinary, interagency system for the delivery of such services in order to more effectively meet the needs of families and children.

The Board of Trustees is comprised of eighteen representatives of each the members of the Council, including the Superintendent of the Clark County Educational Service Center, who was appointed by the Superintendents of the Clark County schools. All members are obligated to pay all dues as established by the Council to aid the financing of the operations and programs of the Council. The Greenon Local School District does not pay any dues since the Clark County Educational Service Center represents the School District. Any member withdrawing from the Council must give one hundred eighty days written notice to the Council after formal action of the member's governing board. To obtain financial information, write to the Clark County Family and Children First Council, Marilyn Demma, who serves as Treasurer, at 6 West High Street, Suite 500, Springfield, Ohio 45502.

19. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP). The GRP's business and affairs are conducted by a fourteen member committee consisting of various GRP representatives that are elected by the general assembly. Either the superintendent or treasurer from each participating school district serves on the general assembly. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

20. SET-ASIDE CALCULATIONS

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 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:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$228,879)	(\$619,591)	\$250,952
Current Year Set-aside Requirement	266,354	266,354	0
Reduction in Requirement on Revised Legislation	0	0	(218,555)
Current Year Offsets	(228,879)	(832,910)	0
Qualifying Disbursements	<u>(466,481)</u>	<u>(166,647)</u>	<u>0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$657,885)</u>	<u>(\$1,352,794)</u>	<u>\$32,397</u>
Set-aside Reserve Balances as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$32,397</u>

Amounts of offsets and qualifying disbursements for capital acquisition presented in the table were limited to those necessary to reduce the year-end balance to the amount that can be used to reduce the set-aside requirement in future years. The School District has decided to carry over these negative balances to the next year. The total reserve balance for the three set-asides at the end of the fiscal year was \$32,397.

21. CONTRIBUTED CAPITAL

During the year, contributed capital increased in the food service enterprise fund by \$91,818, the only enterprise fund with contributed capital as a result of fixed assets being purchased from other governmental funds.

22. CONTINGENCIES

A. Grants

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

22. CONTINGENCIES (Continued)

B. Litigation

The School District is party to a legal proceeding. The School District is of the opinion that ultimate disposition of this claim will not have a material effect, if any, on the financial condition of the School District.

23. SUBSEQUENT EVENT

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 December 7, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001. 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed through State Department of Education</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$35,042		\$38,893
National School Lunch Program	LLP100	10.555	\$8,843		\$8,843	
	LLP00		6,529		6,529	
	LLP101		28,414		28,414	
	LLP401		21,585		21,585	
Total US Department of Agriculture - Nutrition Cluster			65,371	35,042	65,371	38,893
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Clark County Educational Service Center</i>						
Special Education Cluster:						
Preschool	PG-S1-00	84.173	736		1,453	
	PG-S1-01		8,517		6,974	
Total Preschool Grants			9,253		8,427	
<i>Passed through State Department of Education</i>						
Education Handicapped Act Title VI-B	6B-SF-00	84.027	17,384		26,848	
	6B-SF-01		109,229		103,338	
Total Education Handicapped Act Title VI-B			126,613		130,186	
Total Special Education Cluster			135,866		138,613	
Title VII of the Elem. and Secondary Education Act	N/A	84.041	21,336		21,336	
Drug Free Schools		84.186	8,574		8,572	
Eisenhower Professional Development State Grant	MS-S1-01	84.281	5,750			
Title I	C1-S1-00	84.010	17,914		19,705	
	C1-S1-01		73,596		71,664	
Total Title I			91,510		91,369	
Innovative Educational Program Strategy	C2-S1-01	84.298	4,842		5,230	
	C2-S1-00				6,500	
			4,842		11,730	
Tech Literacy Challenge Fund	TF-VM-00	84.318	4,086		4,831	
Class Size Reduction	CR-S1-00	84.340	15,876		20,776	
	CR-S1-01		7,332		0	
Total Class Size Reduction			23,208		20,776	
Total Department of Education			295,172		297,227	
TOTAL FEDERAL ASSISTANCE			\$360,543	\$35,042	\$362,598	\$38,893

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED June 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

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

Greenon Local School District
Clark County
1215 Old Mill Road
Springfield, Ohio 45506

To the Board of Education:

We have audited the financial statements of the Greenon Local School District, Clark County (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 7, 2001, wherein we noted that the District implemented Governmental Accounting Statements No. 33 and No. 36. 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2001-10312-001 through 2001-10312-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 7, 2001.

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 December 7, 2001.

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

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

Jim Petro
Auditor of State

December 7, 2001



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

Greenon Local School District
Clark County
1215 Old Mill Road
Springfield, Ohio 45506

To the Board of Education:

Compliance

We have audited the compliance of the Greenon Local School District, Clark County (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

**Internal Control Over Compliance
(Continued)**

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

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

Jim Petro
Auditor of State

December 7, 2001

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Special Education Cluster - CFDA's 84.027, 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2001-10312-001

Ohio Rev. Code § 5705.41(D), states that no orders or contracts involving the expenditure of money is to be made unless there is attached there to a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

**FINDING NUMBER 2001-10312-001
 (Continued)**

This following exception to this basic requirement is provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrances, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amount of less than \$100 for counties, or less than \$1,000 for other political subdivisions may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the “then and now” certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

The District failed to properly certify 14.8% of the total dollar amount tested as part of the reserve for encumbrances. This resulted in an understatement of reserve for encumbrances and an overstatement of unreserved, undesignated fund balance.

The District should follow proper procedure when incurring expenditures to ensure all transactions have been certified.

FINDING NUMBER 2001-10312-002

Ohio Rev. Code § 5705.39, prohibits a political subdivision or taxing authority from making fund appropriations in excess of the estimated revenue available for expenditure as certified by amended certificates from the County budget commission. The following funds were determined to have appropriations significantly in excess of the available resources as certified by the County budget commission:

Fund Type/Fund	Estimated Resources	Appropriations	Variance
Special Revenue:			
Ohio Reads Grant	\$108,546	\$163,897	(\$55,351)
Capital Projects:			
Permanent Improvement	1,893,389	2,998,135	(1,104,746)

We also noted other immaterial variances. The Board should monitor this activity and make all necessary changes to provide for compliance and to prevent overspending of available resources.

FINDING NUMBER 2001-10312-003

Ohio Rev. Code § 5705.10, states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative cash fund balance indicates that money from one fund was used to cover the expenses of another fund.

The Permanent Improvement had a negative fund balance of \$313,033 as of January 1, 2001, and the Emergency Management Information System fund had a negative fund balance of \$6,817 from September, 2000 through March, 2001.

The District should develop and implement procedures to routinely monitor individual fund balances to avoid negative fund balances to prevent improper usage of funds.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10312-001	The District had expenditures in excess of appropriations	No	Immaterial variances existed. See Note 4 of the Notes to the General Purpose Financial Statements



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GREENON LOCAL SCHOOL DISTRICT

CLARK 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 3, 2002**