



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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STATE OF OHIO
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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, 2002, 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, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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. In our opinion, it is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

November 25, 2002, except for Note 23, as to which the date is December 11, 2002

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**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2002**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,896,175	\$165,999	\$622,643	\$608,330
Cash and Cash Equivalents:				
In Segregated Accounts		2,630		
With Fiscal Agent			2,814	
With Escrow Agent				29,323
Receivables:				
Taxes	5,227,987		217,047	493,458
Accounts	39,964			
Intergovernmental		49,353		
Interfund	2,500			
Prepaid Items	11,248			
Inventory of Supplies and Materials	9,076			
Inventory Held for Resale				
Restricted Asset:				
Cash and Cash Equivalents	76,562			
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>8,263,512</u>	<u>217,982</u>	<u>842,504</u>	<u>1,131,111</u>
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	81,300	2,689		3,043
Retainage Payable				29,323
Accrued Wages Payable	1,043,978	32,727		
Intergovernmental Payable	222,426	3,252	118	330
Interfund Payable		2,500		
Due to Students				
Deferred Revenue	4,916,145	47,228	202,243	469,585
Compensated Absences Payable	9,003			
Matured Interest Payable			2,814	
Special Termination Benefit Payable				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>6,272,852</u>	<u>88,396</u>	<u>205,175</u>	<u>502,281</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings (Deficit)				
Fund Balance:				
Reserved for Encumbrances	36,711	4,632		35,575
Reserved for Budget Stabilization	32,397			
Reserved for Inventory of Supplies and Materials	9,076			
Reserved for Bus Purchases	44,165			
Reserved for Property Taxes	327,819		14,606	23,251
Reserved for Endowments				
Unreserved, Designated for Budget Stabilization	218,555			
Unreserved, Undesignated	1,321,937	124,954	622,723	570,004
Total Fund Equity and Other Credits	<u>1,990,660</u>	<u>129,586</u>	<u>637,329</u>	<u>628,830</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$8,263,512</u>	<u>\$217,982</u>	<u>\$842,504</u>	<u>\$1,131,111</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			
\$17,684	\$89,062			\$4,399,893
				2,630
				2,814
				29,323
				5,938,492
283				40,247
				49,353
				2,500
1,697				11,248
11,517				10,773
				11,517
				76,562
126,687		\$25,151,749		25,278,436
			\$637,329	637,329
			804,214	804,214
<u>157,868</u>	<u>89,062</u>	<u>25,151,749</u>	<u>1,441,543</u>	<u>37,295,331</u>
				87,032
				29,323
32,266				1,108,971
18,630			116,323	361,079
				2,500
	48,357			48,357
				5,635,201
17,094			839,772	865,869
				2,814
			95,798	95,798
			209,650	209,650
			180,000	180,000
<u>67,990</u>	<u>48,357</u>		<u>1,441,543</u>	<u>8,626,594</u>
		25,151,749		25,151,749
112,203				112,203
(22,325)				(22,325)
	3,500			80,418
				32,397
				9,076
				44,165
				365,676
	10,000			10,000
				218,555
	27,205			2,666,823
<u>89,878</u>	<u>40,705</u>	<u>25,151,749</u>		<u>28,668,737</u>
<u>\$157,868</u>	<u>\$89,062</u>	<u>\$25,151,749</u>	<u>\$1,441,543</u>	<u>\$37,295,331</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, 2002**

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Taxes	\$5,081,747		\$196,985	\$477,841		\$5,756,573
Intergovernmental	6,852,188	\$262,810	25,710	93,752		7,234,460
Interest	79,382			8,954	\$353	88,689
Tuition and Fees	141,779					141,779
Extracurricular Activities		278,698				278,698
Miscellaneous	77,671	6,773				84,444
Gifts and Donations		12,305			500	12,805
Total Revenues	12,232,767	560,586	222,695	580,547	853	13,597,448
Expenditures:						
Current:						
Instruction:						
Regular	5,208,965	87,151				5,296,116
Special	686,546	200,892				887,438
Vocational	420,220	2,500				422,720
Other	240,056					240,056
Support Services:						
Pupils	513,778					513,778
Instructional Staff	536,039	66,176				602,215
Board of Education	78,406					78,406
Administration	1,107,881					1,107,881
Fiscal	384,598		118	8,681		393,397
Business	4,091	147,846				151,937
Operation and Maintenance of Plant	1,286,136			20,280		1,306,416
Pupil Transportation	1,158,995					1,158,995
Central	50,331	19,482		66,784		136,597
Operation of Non-Instructional Services		219		17,200		17,419
Extracurricular Activities	201,483	142,617		34,445	1,100	379,645
Capital Outlay				28,592		28,592
Debt Service:						
Principal Retirement	5,405		154,699			160,104
Interest and Fiscal Charges	321		32,432			32,753
Total Expenditures	11,883,251	666,883	187,249	175,982	1,100	12,914,465
Excess of Revenues Over (Under) Expenditures	349,516	(106,297)	35,446	404,565	(247)	682,983
Other Financing Sources (Uses):						
Operating Transfers In			79,642			79,642
Operating Transfers Out	(99,773)					(99,773)
Total Other Financing Sources (Uses)	(99,773)		79,642			(20,131)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	249,743	(106,297)	115,088	404,565	(247)	662,852
Fund Balances at Beginning of Year	1,732,967	235,883	522,241	224,265	18,249	2,733,605
Increase in Reserve for Inventory	7,950					7,950
Fund Balances at End of Year	\$1,990,660	\$129,586	\$637,329	\$628,830	\$18,002	\$3,404,407

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, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$5,157,578	\$5,157,578				
Intergovernmental	6,852,188	6,852,188		\$314,973	\$314,973	
Interest	79,382	79,382				
Tuition and Fees	135,705	135,705				
Extracurricular Activities				278,698	278,698	
Miscellaneous	68,923	68,923		6,773	6,773	
Gifts and Donations				15,305	15,305	
Total Revenues	12,293,776	12,293,776		615,749	615,749	
Expenditures:						
Current:						
Instruction:						
Regular	5,218,377	5,184,753	\$33,624	148,813	86,035	\$62,778
Special	687,866	688,759	(893)	234,028	192,197	41,831
Vocational	428,983	426,703	2,280	2,500	2,500	
Other	240,650	240,056	594			
Support Services:						
Pupils	521,061	511,599	9,462	2,000		2,000
Instructional Staff	551,708	533,571	18,137	74,597	69,046	5,551
Board of Education	100,841	90,162	10,679			
Administration	1,150,164	1,138,820	11,344			
Fiscal	392,264	388,232	4,032			
Business	4,700	4,091	609	150,305	148,202	2,103
Operation and Maintenance of Plant	1,383,746	1,312,324	71,422			
Pupil Transportation	1,002,504	952,210	50,294			
Central	57,150	56,595	555	21,624	22,482	(858)
Operation of Non-Instructional Services				449	219	230
Extracurricular Activities	194,469	190,399	4,070	163,800	150,375	13,425
Capital Outlay						
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	11,934,483	11,718,274	216,209	798,116	671,056	127,060
Excess of Revenues Over (Under) Expenditures	359,293	575,502	216,209	(182,367)	(55,307)	127,060
Other Financing Sources (Uses):						
Refund of Prior Year Receipts				(3,447)	(7,110)	(3,663)
Refund of Prior Year Expenditures	171,628	171,628				
Advances In	388	388		2,500	2,500	
Advances Out	(22,500)	(2,500)	20,000	(388)	(388)	
Operating Transfers In						
Operating Transfers Out	(46,842)	(99,773)	(52,931)			
Total Other Financing Sources (Uses)	102,674	69,743	(32,931)	(1,335)	(4,998)	(3,663)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	461,967	645,245	183,278	(183,702)	(60,305)	123,397
Fund Balances at Beginning of Year	1,913,739	1,913,739		189,740	189,740	
Prior Year Encumbrances Appropriated	157,553	157,553		28,646	28,646	
Fund Balances at End of Year	\$2,533,259	\$2,716,537	\$183,278	\$34,684	\$158,081	\$123,397

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)
\$203,667	\$203,667		\$496,508	\$496,508				
25,710	25,710		93,752	93,752				
			8,954	8,954		\$353	\$353	
						500	500	
229,377	229,377		599,214	599,214		853	853	
			9,000	8,351	\$649			
			256,862	20,280	236,582			
			79,945	73,965	5,980			
			17,200	17,200				
			32,190	34,445	(2,255)	2,600	2,600	
			166,492	93,198	73,294			
154,699	154,699							
32,506	32,432	\$74						
187,205	187,131	74	561,689	247,439	314,250	2,600	2,600	
42,172	42,246	74	37,525	351,775	314,250	(1,747)	(1,747)	
79,642	79,642							
79,642	79,642							
121,814	121,888	74	37,525	351,775	314,250	(1,747)	(1,747)	
500,755	500,755		114,969	114,969		18,249	18,249	
0			85,268	85,268				
\$622,569	\$622,643	\$74	\$237,762	\$552,012	\$314,250	\$16,502	\$16,502	\$0

**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, 2002**

	<u>Propreitary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$374,014		\$374,014
Charges for Services	72,078		72,078
Interest		\$2,073	2,073
Total Operating Revenues	<u>446,092</u>	<u>2,073</u>	<u>448,165</u>
Operating Expenses:			
Salaries	235,775		235,775
Fringe Benefits	99,860		99,860
Purchased Services	8,913		8,913
Materials and Supplies	19,043		19,043
Cost of Sales	211,144		211,144
Depreciation	9,191		9,191
Other Operating Expenses		2,000	2,000
Total Operating Expenses	<u>583,926</u>	<u>2,000</u>	<u>585,926</u>
Operating Income (Loss)	<u>(137,834)</u>	<u>73</u>	<u>(137,761)</u>
Non-Operating Revenues:			
Federal and State Subsidies	63,664		63,664
Federal Donated Commodities	48,021		48,021
Interest	31		31
Total Non-Operating Revenues	<u>111,716</u>		<u>111,716</u>
Income (Loss) Before Operating Transfers	(26,118)	73	(26,045)
Transfers In	20,131		20,131
Net Income (Loss)	(5,987)	73	(5,914)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(16,338)</u>	<u>22,630</u>	<u>6,292</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	<u>(\$22,325)</u>	<u>\$22,703</u>	<u>\$378</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, 2002**

	Enterprise Funds			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$374,014	\$374,014				
Charges for Services	76,538	76,538				
Interest	31	31		\$2,073	\$2,073	
Federal and State Subsidies	63,664	63,664				
Total Revenues	<u>514,247</u>	<u>514,247</u>		<u>2,073</u>	<u>2,073</u>	
Expenses:						
Salaries	238,937	236,596	\$2,341			
Fringe Benefits	98,589	98,045	544			
Purchased Services	9,940	8,913	1,027			
Materials and Supplies	214,402	191,016	23,386			
Capital Outlay	5,000	513	4,487			
Other Operating Expenses				4,000	4,000	
Total Expenses	<u>566,868</u>	<u>535,083</u>	<u>31,785</u>	<u>4,000</u>	<u>4,000</u>	
Excess of Revenues Under Expenses	(52,621)	(20,836)	31,785	(1,927)	(1,927)	
Operating Transfers In	20,131	20,131				
Excess of Revenues Under Expenses and Transfers	(32,490)	(705)	31,785	(1,927)	(1,927)	
Fund Equity at Beginning of Year	17,889	17,889		22,630	22,630	
Prior Year Encumbrances Appropriated	500	500				
Fund Equity (Deficit) at End of Year	<u>(\$14,101)</u>	<u>\$17,684</u>	<u>\$31,785</u>	<u>\$20,703</u>	<u>\$20,703</u>	<u>\$0</u>

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, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$450,552		\$450,552
Cash Payments for Employee Services and Benefits	(334,641)		(334,641)
Cash Payments to Suppliers for Goods and Services	(200,442)		(200,442)
Other Operating Expenses		(\$2,000)	(2,000)
Net Cash Used In Operating Activities	<u>(84,531)</u>	<u>(2,000)</u>	<u>(86,531)</u>
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies Received	63,664		63,664
Operating Transfers In	20,131		20,131
Repayment of Advance from General Fund	(2,691)		(2,691)
Net Cash Provided By Noncapital Financing Activities	<u>81,104</u>		<u>81,104</u>
Cash Flows from Investing Activities:			
Interest	31	2,073	2,104
Net Increase (Decrease) in Cash and Cash Equivalents	(3,396)	73	(3,323)
Cash and Cash Equivalents Beginning of Year	<u>21,080</u>	<u>22,630</u>	<u>43,710</u>
Cash and Cash Equivalents End of Year	<u><u>17,684</u></u>	<u><u>22,703</u></u>	<u><u>40,387</u></u>
Reconciliation of Operating Income (Loss) to Net Cash Used in Operating Activities:			
Operating Income (Loss)	(137,834)	73	(137,761)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Used In Operating Activities:			
Depreciation	9,191		9,191
Donated Commodities Used	38,203		38,203
Nonexpendable Trust Interest		(2,073)	(2,073)
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(283)		(283)
Decrease in Inventory of Supplies and Materials	230		230
Decrease in Inventory Held for Resale	225		225
Increase in Accrued Wages Payable	2,971		2,971
Increase in Intergovernmental Payable	1,815		1,815
Increase in Compensated Absences Payable	951		951
Net Cash Used in Operating Activities	<u><u>(\$84,531)</u></u>	<u><u>(\$2,000)</u></u>	<u><u>(\$86,531)</u></u>

Non-Cash Transactions:

During fiscal year 2002, the Food Service Enterprise Fund received assets totaling \$20,385 that were purchased from governmental funds. During fiscal year 2002, the Food Service Enterprise Fund received \$48,021 in donated commodities.

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

Cash and Cash Equivalents-All Fiduciary Funds	\$89,062
Cash and Cash Equivalents-Expendable Trust Funds	(18,002)
Cash and Cash Equivalents-Agency Funds	<u>(48,357)</u>
Cash and Cash Equivalents-Nonexpendable Trust Fund	<u><u>\$22,703</u></u>

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, 2002**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Greenon Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by State statute and federal guidelines. 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 insure that the financial statements 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 participates in 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 16 and 17 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, 2002
(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).

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:

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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 enterprise fund and the nonexpendable trust fund operating statement presents increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 6) Revenue from grants, entitlements and donations are 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, tuition, grants and student fees.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

C. Budgetary Process

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All funds, other than the agency fund, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the function level within each fund. The Treasurer has been given the authority to further allocate the Board's appropriations. Any budgetary modifications at the legal level of control 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.

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 amended certificate in effect at the time the final appropriations were passed by the Board of Education. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

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. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, two supplemental appropriations were legally enacted; however, these amendments were not significant.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts adopted during the current fiscal year, including all supplemental appropriations. Formal budgetary integration is employed by the Board of Education as a management control device during the year for all funds at the function level, other than the agency fund, consistent with statutory provisions.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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.

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 retainage are recorded on the combined balance sheet as "Cash and Cash Equivalents with Escrow Agents," and represent deposits.

During fiscal year 2002, 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. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$79,382, which includes \$28,272 assigned from other School District funds.

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

E. Interfund Assets/Liabilities

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

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

G. 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 costs of inventory items are recorded as expenditures in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food held for resale, and non-food supplies and are expensed when used.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization and unexpanded resources restricted to the purchase of buses. See Note 19 for additional information regarding set-asides.

I. 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. 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.

K. 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. Payments made more than sixty days after fiscal year-end are considered not to have been paid with current available financial resources. General obligation bonds, 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.

L. 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. After fiscal year 2000, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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.

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, bus purchases, 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 endowments represents principal in the nonexpendable trust fund that cannot be spent. The reserve for budget stabilization is money required by statute to be set-aside to protect against cyclical changes in revenues and expenditures.

O. Fund Designations

Fund balance designations may be established to indicate tentative planned expenditures of financial resources. The designation reflects the School District's intentions and is subject to change. The designation is reported as part of unreserved fund balance. The designation arises when amounts set-aside for budget stabilization exceeds 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2002, the food service enterprise fund had a deficit retained earnings of \$22,325. The deficit is the result of operating revenues not supporting operating expenses. In the past, the School District has transferred money from the general fund to help cover the cost of operations. The School District continues to monitor the situation and make transfers if necessary.

B. Compliance

The following funds had appropriations in excess of estimated resources and available balances for the fiscal year ended June 30, 2002:

<u>Fund Type/Fund</u>	<u>Estimated Resources</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds:			
Title II	\$12,965	\$17,704	\$4,739
Title VI-B	151,439	164,455	13,016
Ohio Reads	6,870	22,271	15,401
Title I	93,696	101,153	7,457
Title VI	15,578	15,963	385
Pre-School Grant	0	8,895	8,895
Class Size Reduction	33,485	57,408	23,923
Athletic	153,204	153,650	446
Capital Projects Funds:			
SchoolNet	67,985	73,965	5,980
Capital Projects	0	456	456
Enterprise Fund:			
Food Service	454,649	484,545	29,896

4. 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).

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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. 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					
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$249,743	(\$106,297)	\$115,088	\$404,565	(\$247)
Revenue Accruals	49,937	55,163	6,682	967	0
Expenditure Accruals	234,940	(3,365)	118	(32,839)	0
Encumbrances	(73,500)	(7,918)	0	(38,618)	(1,500)
Prepaid Items	3,537	0	0	0	0
Advances	(2,112)	2,112	0	0	0
Unrecorded Cash	182,700	0	0	17,700	0
Budget Basis	\$645,245	(\$60,305)	\$121,888	\$351,775	(\$1,747)

**Net Income (Loss)/Excess of Revenues Under Expenses and Transfers
Proprietary Fund Type and Nonexpendable Trust Fund**

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$5,987)	\$73
Revenue Accruals	(2,281)	0
Expense Accruals	8,645	0
Depreciation Expense	9,191	0
Encumbrances	0	(2,000)
Materials and Supplies Inventory	(230)	0
Inventory Held for Resale	(225)	0
Donated Commodities	(9,818)	0
Budget Basis	(\$705)	(\$1,927)

5. 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings accounts, including 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;
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 from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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 (including Repurchase Agreements), and Reverse Repurchase Agreements."

Deposits: At fiscal year-end, the carrying amount of the School District's deposits was \$4,511,222 and the bank balance was \$4,812,065. Of the bank balance:

1. \$202,814 was covered by federal depository insurance; and
2. \$4,609,251 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 to a successful claim by the FDIC.

Investments: The School District did not have any investments as of June 30, 2002.

6. 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 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002 on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

6. PROPERTY TAXES (Continued)

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

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

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

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

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$181,990,230	89.76%	\$201,984,230	90.59%
Public Utility	9,995,280	4.93	9,077,350	4.07
Tangible Personal Property	10,759,850	5.31	11,909,070	5.34
Total Assessed Value	\$202,745,360	100.00%	\$222,970,650	100.00%
Tax rate per \$1,000 of assessed valuation	\$41.57		\$41.47	

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, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amounts 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, 2002, was \$365,676. \$327,819 was available to the general fund, \$14,606 was available to the bond retirement debt service fund, and \$23,251 was available to the permanent improvement capital projects fund.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

7. RECEIVABLES

Receivables at June 30, 2002, consisted of taxes, accounts, and intergovernmental grants. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
Title II	\$759
Title VI-B	14,455
Title I	9,306
Title VI	385
Class Size Reduction	22,323
5 th Quarter Vocational Grant	2,125
Total All Special Revenue Funds	\$49,353

8. FIXED ASSETS

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

Furniture and Equipment	\$307,776
Less: Accumulated Depreciation	(181,089)
Net Fixed Assets	\$126,687

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

Asset Category	Balance at 06/30/01	Additions	Deletions	Balance at 06/30/02
Land, Buildings, and Improvements	\$17,928,019	\$2,422,199	\$0	\$20,350,218
Furniture, Fixtures and Equipment	3,275,883	203,490	63,833	3,415,540
Vehicles	1,389,879	55,396	59,284	1,385,991
Construction in Progress	1,726,488	0	1,726,488	0
Total General Fixed Assets	\$24,320,269	\$2,681,085	\$1,849,605	\$25,151,749

9. 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 2002, the School District contracted with Utica National Insurance Group.

Insurance coverage provided includes the following:

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

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

9. RISK MANAGEMENT (Continued)

B. Workers' Compensation

For fiscal year 2002, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool (Note 17). 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.

10. 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Columbus, Ohio 43215-3746.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 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, 2002, 2001, and 2000, were \$111,505, \$61,058, and \$66,540, respectively; 50.58 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$55,102 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

10. DEFINED BENEFIT PENSION PLANS (Continued)

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 State statute per Chapter 3307 of the Ohio Revised Code. STRS 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 State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, 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. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000, were \$560,284, \$560,540, and \$316,355, respectively; 83.32 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$93,456 represents the unpaid contribution for fiscal year 2002 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, 2002, three members of the Board of Education have elected Social Security and two participate in SERS. The Board's liability is 6.2 percent of wages paid.

11. 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, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$265,398 for fiscal year 2002.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

11. POSTEMPLOYMENT BENEFITS (Continued)

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

For SERS, coverage is made available to service retirees with ten or more fiscal years of qualifying service credit, and to disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent 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, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$207,147.

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, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

12. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 270 days for classified personnel and 280 days for certified personnel. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum accumulation of 64 days for classified personnel and 63 days for certified personnel.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

12. OTHER EMPLOYEE BENEFITS (Continued)

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 for classified employees. Approximately 90% is paid for certified employees. 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 2002, the School District offered eligible certified employees a special termination benefit. To be eligible, the employee must meet the retirement requirements set forth by the State Teachers Retirement System. Anyone who was eligible to retire had to give written notice by March 30, 2002, of intention to retire. Those who did retire, were eligible to receive a special termination benefit equal to 40% of their base pay for the current contract year. Payment to an eligible employee is 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. Alternatively, they may elect to receive the entire 40% one year later in September.

13. 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 lease payments made during the fiscal year rendered the lease paid in full and the School District has no future lease obligations as of June 30, 2002.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

14. LONG-TERM OBLIGATIONS

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

	Amount Outstanding 6/30/01	Additions	Deductions	Amount Outstanding 6/30/02
General Long-Term Obligations:				
School Improvement Bonds, 1979 6.50%	\$270,000	\$0	\$90,000	\$180,000
Energy Conservation Loan, 1992 6.20%	41,404	0	41,404	0
Energy Conservation Loan, 2001 5.64%	232,945	0	23,295	209,650
Total General Long-Term Obligations	<u>544,349</u>	<u>0</u>	<u>154,699</u>	<u>389,650</u>
Other Long-Term Obligations:				
Capital Leases	5,405	0	5,405	0
Compensated Absences	788,468	51,304	0	839,772
Special Termination Benefit	58,841	95,798	58,841	95,798
Intergovernmental	114,085	116,323	114,085	116,323
Total Long-Term Obligations	<u>\$1,511,148</u>	<u>\$263,425</u>	<u>\$333,030</u>	<u>\$1,441,543</u>

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 School 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 loan was 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 ten year period with final maturity during fiscal year 2011. The loan will be retired from the debt service fund.

Compensated absences and the special termination benefit will be paid from the funds from which the employees' salaries are paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the funds from which the employees' salaries are paid.

The School District's overall legal debt margin was \$20,067,359, the energy conservation loan debt margin was \$1,797,086 with an unvoted debt margin of \$222,971 at June 30, 2002. Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2002 are as follows:

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

14. LONG-TERM OBLIGATIONS (Continued)

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$113,294	\$19,971	\$133,265
2004	113,294	12,995	126,289
2005	23,294	8,868	32,162
2006	23,294	7,574	30,868
2007	23,294	6,241	29,535
2008-2011	93,180	11,824	105,004
Total	<u>\$389,650</u>	<u>\$67,473</u>	<u>\$457,123</u>

15. 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, 2002.

	<u>Lunchroom</u>	<u>Latchkey Services</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$374,014	\$72,078	\$446,092
Depreciation	8,658	533	9,191
Operating Loss	(134,223)	(3,611)	(137,834)
Interest	31	0	31
Federal Donated Commodities	48,021	0	48,021
Federal and State Subsidies	63,664	0	63,664
Transfers In	20,131	0	20,131
Net Loss	(2,376)	(3,611)	(5,987)
Long-Term Compensated Absences Payable	12,351	4,743	17,094
Net Working Capital	(35,402)	15,687	(19,715)
Contributed Capital Additions	20,385	0	20,385
Total Assets	137,583	20,285	157,868
Total Fund Equity	76,616	13,262	89,878

16. 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, Clinton, Fayette, Green and Highland Counties and Cities of Springfield, Wilmington, Washington Court House, Xenia and Hillsboro. 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 five Superintendents and two Treasurers of member school districts, with four of the five Superintendents and both Treasurers elected by a majority vote of all member school districts except the Greene County Career Center. The fifth Superintendent is from the Greene County Career Center. The School District paid MVECA \$36,204 for services provided during the year. Financial information can be obtained from Gary Bosserman, who serves as Director, at 330 East Enon Road, Yellow Springs, Ohio 45387.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

16. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Southwestern Ohio Educational Purchasing Council - The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC), a purchasing council made up of nearly 100 school districts in 12 counties. 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. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. 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. Payments to SOEPC are made from the general fund. During fiscal year 2002, the School District paid \$66,428 to SOEPC for fees and purchases made on the School District's behalf. 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.

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 2002, the School District paid \$20,602 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 FCF, 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 FCF to aid the financing of the operations and programs of the FCF. 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 FCF must give one hundred eighty days written notice to the FCF 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.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

17. 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 an eleven 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.

18. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2002, the School District had contractual purchase commitments as follows:

<u>Vendor</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance At 6/30/02</u>
Cannon Company Inc.	Equipment for Cafeteria	\$98,545	\$73,082	\$25,463
Strategic Visioning Inc.	Community Facilities Survey	9,500	4,750	4,750
Totals		<u>\$108,045</u>	<u>\$77,832</u>	<u>\$30,213</u>

19. 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 amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based on legislative changes, this is the only money still required to be set-aside for this purpose.

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, 2001	(\$657,885)	(\$1,352,794)	\$32,397
Current Year Set-aside Requirement	249,804	249,804	0
Current Year Offsets	0	(496,508)	0
Qualifying Disbursements	(273,021)	(211,470)	0
Totals	<u>(\$681,102)</u>	<u>(\$1,810,968)</u>	<u>\$32,397</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$681,102)</u>	<u>(\$1,810,968)</u>	<u>\$32,397</u>
Set-aside Reserve Balances as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$32,397</u>

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

19. SET-ASIDE CALCULATIONS (Continued)

The School District had qualifying disbursements and offsets during the fiscal year that reduced textbook/instructional materials and capital acquisition set-asides below zero. The extra amount of qualifying disbursements in the textbook/instructional materials set-aside and the offsets in the capital acquisition set-aside may be used to reduce the set-aside requirements in future fiscal years.

20. INTERFUND ACTIVITY

At June 30, 2002, the General Fund had an interfund receivable and the 5th Quarter Grant Special Revenue Fund had an interfund payable in the amount of \$2,500.

21. CONTRIBUTED CAPITAL

During the year, contributed capital increased in the food service enterprise fund by \$20,385, 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, 2002.

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. STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...". The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2002
(Continued)**

24. SUBSEQUENT EVENT

On November 5, 2002, the voters within the School District approved the renewal of a five year, 3.0 mill capital improvement levy.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

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 Ohio Department of Education)</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$42,029		\$38,203
National School Lunch Program	LLP401	10.555	\$8,798		\$8,798	
	LLP402		52,614		52,614	
Total National School Lunch Program			<u>61,412</u>		<u>61,412</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			61,412	42,029	61,412	38,203
U.S. DEPARTMENT OF EDUCATION						
<i>(Passed Through Ohio Department of Education)</i>						
Title I	C1-S1-01	84.010	13,520		15,452	
	C1-S1-02		78,244		71,909	
Total Title I			<u>91,764</u>		<u>87,361</u>	
<i>(Direct)</i>						
Impact Aid	N/A	84.041	26,146		26,146	
<i>(Passed Through Ohio Department of Education)</i>						
Title IV - Drug Free Education	DR-S1-02	84.186	8,050		8,050	
Eisenhower Professional Development State Grant	MS-S1-01	84.281	7,215		3,926	
Title VI - Innovative Education Program Strategy	C2-S1-00	84.298	5,355		5,355	
	C2-S1-01		10,223		9,257	
Total Title VI - Innovative Education Program Strategy			<u>15,578</u>		<u>14,612</u>	
Title VI-R - Class Size Reduction	CR-S1-01	84.340	15,549		20,890	
	CR-S1-02		8,701			
Total Title VI-R - Class Size Reduction			<u>24,250</u>		<u>20,890</u>	
Special Education Cluster:						
Special Education Grants to States - Title VI-B	6B-SF-01P	84.027	14,869		20,760	
	6B-SF-02P		130,679		118,731	
Total Special Education Grants to States - Title VI-B			<u>145,548</u>		<u>139,491</u>	
<i>(Passed Through Clark County Educational Service Center)</i>						
Preschool Grant	N/A	84.173	8,895		8,895	
Total Special Education Cluster			<u>154,443</u>		<u>148,386</u>	
Total Department of Education			<u>327,446</u>		<u>309,371</u>	
Total Federal Financial Assistance			<u>\$388,858</u>	<u>\$42,029</u>	<u>\$370,783</u>	<u>\$38,203</u>

The accompanying notes to this schedule are an integral part of this schedule.

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FISCAL YEAR ENDED JUNE 30, 2002**

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

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require that the District contribute non-federal (matching funds) to support the federally-funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included on the Schedule.

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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

We have audited the financial statements of Greenon Local School District (the "District") as of and for the year ended June 30, 2002, and have issued our report thereon dated November 25, 2002. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2002-10312-001 and 2002-10312-002. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated November 25, 2002.

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 a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 25, 2002.

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, the Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized with a large, sweeping initial "J" and a long, horizontal stroke extending to the right.

Jim Petro
Auditor of State

November 25, 2002



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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 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 programs for the year ended June 30, 2002. 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 the 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, 2002.

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 its federal program. 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.

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

Jim Petro
Auditor of State

November 25, 2002

**GREENON LOCAL SCHOOL DISTRICT
CLARK COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
--

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

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

FINDING NUMBER 2002-10312-001

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:			
Athletics	\$153,204	\$153,650	(\$ 466)
Title II	12,965	17,704	(4,739)
Title VI B	151,439	164,455	(13,016)
Ohio Reads	6,870	22,271	(15,401)
Title I	93,696	101,153	(7,457)
Title VI	15,578	15,963	(385)
Pre-School Grant	0	8,895	(8,895)
Classroom Size Reduction	33,485	57,408	(23,923)
Capital Projects:			
SchoolNet	67,985	73,965	(5,980)
Capital Projects	0	456	(456)
Enterprise:			
Food Service	454,650	485,545	(29,896)

The Board should monitor revenue and amend when necessary to ensure monies are available for expenditures.

FINDING NUMBER 2002-10312-002

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

The following funds incurred significant negative fund cash balances throughout the year:

Month	Title I	Title VI B	Title VI	Management Information Systems	Food Service
July	(\$5,132)		(\$813)		(\$18,153)
August	(12,190)	(\$5,618)	(1,622)	(\$1,064)	(19,336)
September	(3,036)	(17,015)	(4,356)	(1,064)	(13,932)
October	(10,110)	(29,018)	(3,804)	(7,710)	(1,588)
November	(7,788)	(6,110)	(4,979)	(7,710)	(6,116)
December				(7,710)	(10,355)
January				(7,710)	(5,822)
February				(7,710)	(6,432)
March	(1,073)	(4,078)	(293)	(7,710)	
April	(718)	(16,040)	(1,112)	(228)	
May	(17,116)	(31,246)	(2,347)		

**FINDING NUMBER 2002-10312-002
(Continued)**

We also noted other immaterial negative fund cash balances throughout the year.

The District should monitor revenue and expenditures to identify possible deficits, and provide transfers/advances as necessary to avoid these deficits.

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, 2002**

<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>
2001-10312-001	District did not properly certify expenditures	Corrected.	
2001-10312-002	District had appropriations in excess of estimated resources	Not corrected.	Repeated as finding 2002-10312-001
2001-10312-003	District had negative fund balances throughout the year.	Not corrected.	Repeated as finding 2002-10312-002



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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
DECEMBER 31, 2002**