



**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

REGULAR AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups June 30, 2001	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Fund - For the Year Ended June 30, 2001	6
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual Comparison (Non-GAAP Budgetary Basis) All Governmental Fund Types - For the Year Ended June 30, 2001	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type - For the Year Ended June 30, 2001	10
Combined Statement of Cash Flows - Proprietary Fund Type - For the Year Ended June 30, 2001	11
Notes to the General Purpose Financial Statements	13
Schedule of Federal Awards Receipts and Expenditures	40
Notes to Schedule of Federal Awards Receipts and Expenditures	41
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
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	45
Schedule of Findings	47
Schedule of Prior Audit Findings	51

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Township Local School District
Montgomery County
2989 South Union Road
Dayton, Ohio 45418

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Jefferson Township Local School District (the District), Montgomery County, as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Jefferson Township Local School District, Montgomery County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 22, 2002 on our consideration of the Government's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

January 22, 2002

This page intentionally left blank.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
ASSETS AND OTHER DEBITS			
ASSETS:			
Equity in pooled cash and cash equivalents	\$ 731,264	\$ 246,009	\$ 90,973
Receivables (net of allowances of uncollectibles):			
Property taxes - current & delinquent	3,131,531		101,473
Accounts	804	146	
Interfund loan receivable	84,958		
Advances to other funds	6,000		
Due from other governments		242,870	
Prepayments	9,688		
Materials and supplies inventory	22,903		
Restricted assets:			
Equity in pooled cash and cash equivalents	25,107		
Property, plant and equipment (net of accumulated depreciation where applicable)			
OTHER DEBITS:			
Amount to be provided for retirement of General Long-Term Obligations			
Total assets and other debits	4,012,255	489,025	192,446
LIABILITIES, EQUITY AND OTHER CREDITS			
LIABILITIES:			
Accounts payable	38,489	74,287	
Contracts payable			48,000
Accrued wages and benefits	353,642	74,627	
Compensated absences payable	31,997		
Pension obligation payable	89,442	11,388	
Interfund loan payable		84,958	
Advances from other funds		6,000	
Deferred revenue	3,001,925	59,364	97,256
Due to students			
Energy conservation notes payable			
Total liabilities	3,515,495	310,624	145,256
EQUITY AND OTHER CREDITS:			
Investment in general fixed assets			
Retained earnings: unreserved			
Fund balances:			
Reserved for encumbrances	69,947	32,582	
Reserved for supplies inventory	22,903		
Reserved for prepayments	9,688		
Reserved for tax revenue unavailable for appropriation	129,606		4,217
Reserved for advances	6,000		
Reserved for budget stabilization	25,107		
Unreserved-undesignated	233,509	145,819	42,973
Total equity and other credits	496,760	178,401	47,190
Total liabilities, equity and other credits	\$ 4,012,255	\$ 489,025	\$ 192,446

The Notes to the General Purpose Financial Statements are an integral part of this statement.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$ 95,780	\$ 34,992			\$ 1,199,018
				3,233,004
	174			1,124
				84,958
				6,000
				242,870
				9,688
	6,527			29,430
				25,107
	45,823	6,476,734		6,522,557
			408,334	408,334
<u>148,304</u>	<u>34,992</u>	<u>6,476,734</u>	<u>408,334</u>	<u>11,762,090</u>
				115,612
				48,000
				450,991
			223,045	267,119
			60,289	177,623
				84,958
				6,000
				3,161,449
	2,904			34,887
				125,000
			125,000	125,000
<u>57,043</u>	<u>34,887</u>		<u>408,334</u>	<u>4,471,639</u>
		6,476,734		6,476,734
	91,261			91,261
				102,529
				22,903
				9,688
				133,823
				6,000
				25,107
				422,406
	105			
<u>91,261</u>	<u>105</u>	<u>6,476,734</u>		<u>7,290,451</u>
<u>\$ 148,304</u>	<u>\$ 34,992</u>	<u>\$ 6,476,734</u>	<u>\$ 408,334</u>	<u>\$ 11,762,090</u>

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expensible Trust	
Revenues:						
From local sources:						
Taxes	\$ 2,847,722			\$ 92,700		\$ 2,940,422
Tuition	111,815					111,815
Earnings on investments	76,381					76,381
Other local revenues	73,283	77,507			53	150,843
Other revenue		4,200				4,200
Intergovernmental - State	2,827,253	426,842		54,975		3,309,070
Intergovernmental - Federal		863,440				863,440
Total revenue	<u>5,936,454</u>	<u>1,371,989</u>		<u>147,675</u>	<u>53</u>	<u>7,456,171</u>
Expenditures:						
Current:						
Instruction:						
Regular	2,099,758	367,822		14,938		2,482,518
Special	308,732	595,585				904,317
Vocational	55,608					55,608
Other	245,755	135,693		278		381,726
Support services:						
Pupil	227,674	77,015				304,689
Instructional staff	131,417	83,561				214,978
Board of Education	29,973					29,973
Administration	767,721	71,306		4,956		843,983
Fiscal	427,839	958		1,698		430,495
Operations and maintenance	873,962	11,145		45,367		930,474
Pupil transportation	526,917			525		527,442
Central	48,036	182,187				230,223
Community services	3,956	5,031				8,987
Extracurricular activities	187,168	73,557				260,725
Facilities services				116,979		116,979
Debt service:						
Principal retirement			25,000			25,000
Interest and fiscal charges			7,425			7,425
Total expenditures	<u>5,934,516</u>	<u>1,603,860</u>	<u>32,425</u>	<u>184,741</u>		<u>7,755,542</u>
Excess (deficiency) of revenues over (under) expenditures	1,938	(231,871)	(32,425)	(37,066)	53	(299,371)
Other financing sources (uses):						
Operating transfers in			31,782			31,782
Operating transfers out	(31,782)					(31,782)
Total other financing sources (uses)	<u>(31,782)</u>		<u>31,782</u>			
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	(29,844)	(231,871)	(643)	(37,066)	53	(299,371)
Fund balance, July 1	525,076	410,272	643	84,256	52	1,020,299
Increase in reserve for inventory	1,528					1,528
Fund balance, June 30	<u>\$ 496,760</u>	<u>\$ 178,401</u>	<u>\$ 47,190</u>	<u>\$ 105</u>	<u>\$</u>	<u>\$ 722,456</u>

The Notes to the General Purpose Financial Statements are an integral part of this statement.

This page intentionally left blank.

JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

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

	<u>General</u>			<u>Special Revenue</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
From local sources:						
Taxes	\$3,181,950	\$2,845,266	(\$336,684)			
Tuition	99,006	111,815	12,809			
Earnings on investments	67,631	76,381	8,750			
Other local revenues	2,459	2,777	318	73,559	79,358	5,799
Other revenue				3,893	4,200	307
Intergovernmental - State	2,503,518	2,827,403	323,885	340,805	367,674	26,869
Intergovernmental - Federal				665,410	717,871	52,461
Total revenues	<u>5,854,564</u>	<u>5,863,642</u>	<u>9,078</u>	<u>1,083,667</u>	<u>1,169,103</u>	<u>85,436</u>
Expenditures:						
Current:						
Instruction:						
Regular	2,250,880	2,192,497	58,383	378,082	358,530	19,552
Special	368,159	319,691	48,468	545,007	620,269	(75,262)
Vocational	60,945	54,453	6,492			
Other	269,947	237,623	32,324	151,703	112,159	39,544
Support services:						
Pupil	283,787	238,688	45,099	120,861	72,048	48,813
Instructional staff	171,491	120,819	50,672	93,258	76,835	16,423
Board of Education	36,117	29,952	6,165			
Administration	859,073	776,606	82,467	101,709	69,163	32,546
Fiscal	494,648	422,077	72,571	958	958	
Operations and maintenance	842,599	904,012	(61,413)	11,145	11,145	
Pupil transportation	504,473	549,473	(45,000)			
Central	48,822	47,518	1,304	168,481	187,964	(19,483)
Community services	4,330	3,956	374	6,717	5,702	1,015
Extracurricular activities	135,364	178,906	(43,542)	102,378	70,705	31,673
Facilities services						
Debt service:						
Principal retirement						
Interest and fiscal charges						
Total expenditures	<u>6,330,635</u>	<u>6,076,271</u>	<u>254,364</u>	<u>1,680,299</u>	<u>1,585,478</u>	<u>94,821</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(476,071)</u>	<u>(212,629)</u>	<u>263,442</u>	<u>(596,632)</u>	<u>(416,375)</u>	<u>180,257</u>
Other financing sources (uses):						
Refund of prior year's expenditures	61,717	69,702	7,985			
Refund of prior year's (receipts)	(54)	(54)				
Operating transfers in						
Operating transfers (out)	(43,620)	(40,346)	3,274	(1,642)	(1,642)	
Advances in	132,817	150,000	17,183	180,711	194,958	14,247
Advances (out)	(236,358)	(234,958)	1,400	(110,000)	(110,000)	
Total other financing sources (uses)	<u>(85,498)</u>	<u>(55,656)</u>	<u>29,842</u>	<u>69,069</u>	<u>83,316</u>	<u>14,247</u>
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)	<u>(561,569)</u>	<u>(268,285)</u>	<u>293,284</u>	<u>(527,563)</u>	<u>(333,059)</u>	<u>194,504</u>
Fund balances, July 1	878,443	878,443		428,188	428,188	
Prior year encumbrances appropriated	<u>37,609</u>	<u>37,609</u>		<u>50,967</u>	<u>50,967</u>	
Fund balances, June 30	<u><u>\$354,483</u></u>	<u><u>\$647,767</u></u>	<u><u>\$293,284</u></u>	<u><u>(\$48,408)</u></u>	<u><u>\$146,096</u></u>	<u><u>\$194,504</u></u>

The Notes to the General Purpose Financial Statements are an integral part of this statement.

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
			\$95,924	\$92,622	(\$3,302)	\$3,277,874	\$2,937,888	(\$339,986)
						99,006	111,815	12,809
						67,631	76,381	8,750
						76,018	82,135	6,117
						3,893	4,200	307
			36,006	54,697	18,691	2,880,329	3,249,774	369,445
						665,410	717,871	52,461
			131,930	147,319	15,389	7,070,161	7,180,064	109,903
			14,938	14,938		2,643,900	2,565,965	77,935
						913,166	939,960	(26,794)
						60,945	54,453	6,492
						421,650	349,782	71,868
						404,648	310,736	93,912
						264,749	197,654	67,095
						36,117	29,952	6,165
			4,956	4,956		965,738	850,725	115,013
			1,643	1,698	(55)	497,249	424,733	72,516
			47,467	45,367	2,100	901,211	960,524	(59,313)
			525	525		504,998	549,998	(45,000)
						217,303	235,482	(18,179)
						11,047	9,658	1,389
						237,742	249,611	(11,869)
			93,708	116,979	(23,271)	93,708	116,979	(23,271)
25,000	25,000					25,000	25,000	
7,425	7,425					7,425	7,425	
32,425	32,425		163,237	184,463	(21,226)	8,206,596	7,878,637	327,959
(32,425)	(32,425)		(31,307)	(37,144)	(5,837)	(1,136,435)	(698,573)	437,862
						61,717	69,702	7,985
						(54)	(54)	
31,782	31,782					31,782	31,782	
						(45,262)	(41,988)	3,274
						313,528	344,958	31,430
						(346,358)	(344,958)	
31,782	31,782					15,353	59,442	42,689
(643)	(643)		(31,307)	(37,144)	(5,837)	(1,121,082)	(639,131)	481,951
643	643		69,207	69,207		1,376,481	1,376,481	
			10,910	10,910		99,486	99,486	
			\$ 48,810	\$ 42,973	\$ (5,837)	\$ 354,885	\$ 836,836	\$ 481,951

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Operating revenues:	
Tuition and fees	\$2,925
Sales/charges for services	71,480
Total operating revenues	74,405
Operating expenses:	
Personal services	246,871
Contract services	7,127
Materials and supplies	175,121
Depreciation	4,815
Total operating expenses	433,934
Operating loss	(359,529)
Nonoperating revenues:	
Operating grants	325,549
Federal commodities	19,175
Interest revenue	1,526
Total nonoperating revenues	346,250
Net loss	(13,279)
Retained earnings, July 1	104,540
Retained earnings, June 30	\$ 91,261

The Notes to the General Purpose Financial Statements are an integral part of this statement.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

	Proprietary Fund Type
	Enterprise
Cash flows from operating activities:	
Cash received from tuition and fees	\$2,751
Cash received from sales/service charges	71,564
Cash payments for personal services	(246,649)
Cash payments for contract services	(7,127)
Cash payments supplies and materials	(150,313)
Net cash used in operating activities	(329,774)
Cash flows from noncapital financing activities:	
Cash received from operating grants	363,646
Cash flows from capital and related financing activities:	
Acquisition of capital assets	(3,869)
Cash flows from investing activities:	
Interest received	1,526
Net increase in cash and cash equivalents	31,529
Cash and cash equivalents at beginning of year	64,251
Cash and cash equivalents at end of year	95,780
Reconciliation of operating loss to net cash used in operating activities:	
Operating loss	(359,529)
Adjustments to reconcile operating loss to net cash used in operating activities:	
Depreciation	4,815
Federal donated commodities	19,175
Changes in assets and liabilities:	
Decrease in supplies inventory	1,702
Increase in accounts receivable	(90)
Increase in accounts payable	2,836
Increase in accrued wages & benefits	7,972
Increase in compensated absences payable	2,620
Decrease in pension obligation payable	(10,370)
Increase in deferred revenue	1,095
Net cash used in operating activities	(\$329,774)

The Notes to the General Purpose Financial Statements are an integral part of this statement.

This page intentionally left blank.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Jefferson Township Local School District ("District") is located in Montgomery County and encompasses all of Jefferson Township. The District serves an area of approximately 35 square miles.

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

The District ranks as the 571st largest by enrollment among the 682 public and community school districts in the State, and 16th in Montgomery County. It currently operates 1 elementary school, 1 middle school, and 1 comprehensive high school. The District employs 55 non-certified and 61 certified employees to provide services to 707 students in grades K through 12 and various community groups.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District's significant accounting policies are described below.

A. The Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, The Financial Reporting Entity, effective for financial statements for periods beginning after December 15, 1992. A reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the District. For the District, this includes general operations, food service, and student related activities of the District. Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt, or the levying of taxes for the organization. The financial statements of the reporting entity include only those of the District (the primary government). The District has no component units. The following organizations are described due to their relationship to the District.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Jointly Governed Organizations:

Miami Valley Career Tech Joint Vocational School

The vocational school district is a separate body politic and corporate, established by the Ohio Revised Code (ORC) to provide vocational and special education needs of the students. The JVS accepts non-tuition students from the District as a member school, however, it is considered a separate political subdivision and is not considered to be part of the District.

Metropolitan Dayton Educational Cooperative (MDECA)

The District is a participant in the Metropolitan Dayton Educational Cooperative Association (MDECA) which is a computer consortium. MDECA is an association of public school districts within the boundaries of Darke, Greene, Miami and Montgomery Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts.

The governing board of MDECA consists of one representative from each district plus one representative from the fiscal agent. Financial information can be obtained from Jerry C. Woodyard, Executive Director of MDECA at 201 Riverside Drive, Dayton, Ohio 45405.

The District also participates in an insurance group purchasing pool, described in Note 10.

B. Fund Accounting

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

GOVERNMENTAL FUNDS

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Special Revenue Funds - Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditures for specified purposes.

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

Capital Projects Funds - Capital Projects Funds are used to account for financial resources to be used for the acquisition of construction of major capital facilities (other than those financed by Proprietary Funds).

PROPRIETARY FUNDS

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

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

FIDUCIARY FUNDS

Fiduciary Funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include Expendable Trust and Agency Funds. The Expendable Trust fund is accounted for in essentially the same manner as Governmental funds. Agency Funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. The Agency Fund is presented on a budget basis, with note disclosure regarding items which, in other fund types, would be subject to accrual.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

ACCOUNT GROUPS

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

General Fixed Assets Account Group - This group of accounts is established to account for all fixed assets of the District, other than those accounted for in the Proprietary Fund.

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the Proprietary Fund.

C. Measurement Focus/Basis of Accounting

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

The Proprietary fund is accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. The Proprietary Fund Type operating statement presents increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for Governmental and Expendable Trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year-end. Revenues accrued at the end of the year include interest, tuition, grants and entitlements (to the extent they are intended to finance the current fiscal year), and accounts (student fees and rent). Current property taxes measurable as of June 30, 2001, but which are intended to finance fiscal 2002 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year-end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for future appropriations. The District is prohibited by law from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements, and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements, and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exceptions: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in Governmental funds.

The Proprietary fund is accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements, and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The Proprietary funds receive no revenue from property taxes.

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. The specific timetable for fiscal year 2001 is as follows:

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Prior to January 15 of the preceding year, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the Board-adopted budget is filed with the Montgomery County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer.
4. By July 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. (State statute permits a temporary appropriation to be effective until no later than October 1 of each year.) Resolution appropriations by fund must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals.
5. All funds, other than Agency funds, are legally required to be budgeted and appropriated. Short-term interfund loans are not required to be budgeted since they represent a temporary cash flow resource, and are intended to be repaid.
6. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.
7. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with the general obligation bond indenture and other statutory provisions. All departments/functions and funds completed the year within the amount of their legally authorized cash basis appropriation.
8. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations which either reallocated or increased the original appropriated amounts. All supplemental appropriations were legally enacted by the Board during fiscal 2001.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract-related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For Governmental Fund Types, encumbrances outstanding at year-end appear as a reservation of fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 14 provides a reconciliation of the budgetary and GAAP basis of accounting. Encumbrances for Enterprise funds at year-end are disclosed in Note 11.

E. Cash and Investments

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

During 2001, investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Investments in STAR Ohio are reported at fair value. Fair value is based on quoted market prices. Repurchase agreements are reported at cost.

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

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General fund during fiscal 2001 totaled \$76,381, which included \$29,615 assigned from other funds of the District.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

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

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

G. Prepaids

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

H. Fixed Assets and Depreciation

1. General Fixed Assets Account Group

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$250 and a useful life of less than one year. No depreciation is recognized for assets in the General Fixed Assets Account Group. The District has not included infrastructure in the General Fixed Assets Account Group.

2. Proprietary Fund

Equipment reflected in this fund is stated at historical cost or estimated historical cost and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. A 10% salvage value is used for Proprietary fixed assets. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives:

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Intergovernmental Revenues

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

Entitlements

General Fund
State Foundation Program
State Property Tax Relief

Special Revenue Funds
Disadvantaged Pupil Impact Aid

Capital Projects Funds
State Property Tax Relief

Non-Reimbursable Grants - (Continued)

Special Revenue Funds - (Continued)
Ohio Reads
Safe School Helpline
Parent Mentor Project
School Incentive Award
Learn and Serve
Performance Incentive
Title VI-R

Non-Reimbursable Grants

Special Revenue Funds
Auxiliary Services
Management Information Systems
Title VI-B
Teacher Development
Title I
Title II
Drug-Free School
Preschool for the Handicapped

Reimbursable Grants

General Fund
Driver Education
School Bus Purchases
Library Automation

Special Revenue Funds
Telecommunications

Proprietary Funds

National School Lunch Program
National School Milk Program

Grants and entitlements amounted to over 56% of the District's operating revenue during the 2001 fiscal year.

J. Compensated Absences

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

Accumulated vacation and severance of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees meeting the above requirements who are paid from the Proprietary Fund is recorded as an expense when earned.

K. Long-Term Obligations

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

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

L. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, materials and supplies inventory, tax revenue unavailable for appropriation, long-term interfund advances, budget stabilization, instructional supplies, and prepaids. The unreserved portions of fund equity reflected for the Governmental funds are available for use within the specific purposes of those funds.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Interfund Transactions

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

- A. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of Agency funds, which do not report transfers of resources as operating transfers.
- B. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund.
- C. Short-term interfund loans made pursuant to Board of Education Resolution are reflected as "interfund loans receivable or payable." Such interfund loans are repaid in the following fiscal year.
- D. Quasi-external transactions are similar to the purchase of goods or services from a vendor; i.e., the fund which provides a service records revenue, and the fund which receives that service records an expenditure/expense.
- E. Residual equity transfers are non-recurring or non-routine permanent transfers of equity, generally made when a fund is closed.
- F. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources.

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Statutory Reserves

The District is required by State law to set-aside certain (cash basis) General fund revenue amounts, as defined by statute, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Instructional Supplies</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of July 1, 2000	\$ (51,814)	\$ 0	\$ 68,897
Current year set-aside requirement	143,973	143,973	
Current year offsets		(92,622)	
Qualifying disbursements	(136,834)	(182,149)	
Change in statutory requirements	_____	_____	<u>(43,790)</u>
Total	<u>\$ (44,675)</u>	<u>\$ (130,798)</u>	<u>\$ 25,107</u>
Cash balance carried forward to FY 2002	<u>\$ (44,675)</u>	<u>\$ 0</u>	<u>\$ 25,107</u>

The District had qualifying disbursements during the fiscal year that reduced the capital acquisition set-aside amount below zero, which may not be used to reduce the set-aside requirements in future years. The balance remaining in the budget stabilization reserve consists of prior years' Bureau of Worker's Compensation refunds which are still required to be restricted.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for budget stabilization	<u>\$25,107</u>
Total restricted assets	<u>\$25,107</u>

O. Statement of Cash Flows

The District's Financial Statements have been prepared in accordance with GASB Statement No. 9, Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting. For purposes of GASB Statement No. 9, "Cash and Cash Equivalents" refers to "Equity in Pooled Cash and Cash Equivalents". The District has presented, a statement of cash flows for its Proprietary Fund Type.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Financial Reporting for Proprietary and Similar Fund Types

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

Q. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish reserves required by State statute. See Note 2N for statutory reserves.

R. Estimates

The preparation of financial statements in conformity with GAAP 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.

S. Nicholas Residential Treatment Center

Current state legislation provides funding to Nicholas Residential Treatment Center ("the Center"). These monies are received and distributed on behalf of the Center by the Treasurer of the District, as directed by the Center. The receipt and fiduciary liability of these state monies are reflected in a Special Revenue Fund for financial reporting purposes.

T. Memorandum Only - Total Columns

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Change in Accounting Principle

GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions, was implemented during fiscal 2001. In accordance with this statement, certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions may have been reported in a manner inconsistent with prior fiscal years; however, the adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Deficit Fund Balances

Fund balances at June 30, 2001 included the following individual fund deficits:

	<u>Deficit Balance</u>
<u>Special Revenue Funds</u>	
Title VI-B	\$ (6,910)
Title I	(95,323)
Reducing Class Size	(4,163)
Other Grant	(1,095)
District Managed Student Activity	(7,738)

These deficits, caused by the application of generally accepted accounting principles, will be funded by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30. The General fund provides transfers for deficit balances; however, transfers are made when cash is needed rather than when accruals occur.

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS

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

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

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

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

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
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);
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 moneys available for investment at any one time; and,
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the 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.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 4 - EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

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

Deposits: At year end, the carrying amount of the District's deposits was \$39,397 and the bank balance was \$238,083. Of the bank balance, \$100,000 was covered by federal depository insurance and \$138,083 was uninsured and not collateralized. Although all statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

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

	Category 3	Fair Value
Repurchase Agreement	\$141,074	\$ 141,074
Not Subject to Categorization: STAR Ohio	_____	1,043,654
Total Investments	\$141,074	\$1,184,728

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

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

	Pooled Cash and Cash Equivalents	Investments
GASB Statement No. 9 Investments of the Cash Management Pool:	\$ 1,224,125	
Repurchase Agreement	(141,074)	\$ 141,074
STAR Ohio	(1,043,654)	1,043,654
GASB Statement No. 3	\$ 39,397	\$1,184,728

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 5 - INTERFUND TRANSACTIONS

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

	<u>Transfers In</u>	<u>Transfers (Out)</u>
General Fund		\$(31,782)
Debt Service Fund	\$31,782	_____
Total	<u>\$31,782</u>	<u>\$(31,782)</u>

B. The following is a reconciliation of the District's long-term advances receivable and payable at June 30, 2001:

	<u>Advances to Other Funds</u>	<u>Advances (From) Other Funds</u>
General Fund	\$6,000	
<u>Special Revenue Funds</u>		
District Managed Student Activities	_____	\$(6,000)
Total	<u>\$6,000</u>	<u>\$(6,000)</u>

C. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

<u>Fund</u>	<u>Interfund Loan Receivable</u>	<u>Interfund Loan (Payable)</u>
General Fund	\$84,958	
<u>Special Revenue Funds</u>		
District Managed Student Activities		\$ (5,000)
Other Grant		(45,570)
Title I	_____	<u>(34,388)</u>
Total, All Funds	<u>\$84,958</u>	<u>\$(84,958)</u>

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 6 - PROPERTY TAXES (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies which is assessed 50% of market value, and railroads, which are assessed at 29% of market value.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The first \$10,000 of assessed value is exempt from taxation. The District receives a state subsidy in lieu of tax revenue, which would otherwise have been collected.

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

	2000 Second-Half Collections		2001 First-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$58,793,240	80.39	\$58,804,175	81.90
Public Utility Personal	6,971,950	9.53	6,024,809	8.39
Tangible Personal Property	7,373,942	10.08	6,972,900	9.71
	<u>\$73,139,132</u>	<u>100.00</u>	<u>\$71,801,884</u>	<u>100.00</u>

Tax rate per \$1,000 of
assessed valuation:

Operations	\$59.90	\$59.90
Permanent Improvement	2.00	2.00

Real property taxes are payable annually or semi-annually. If paid annually, payment is due January 20; if paid semi-annually, the first payment is due January 20 with the remainder payable by June 20.

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 Montgomery County Treasurer collects property tax on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August. Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 6 - PROPERTY TAXES (Continued)

Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 2001 are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end. Available tax advances at June 30, 2001 totaled \$129,606 in the General fund and \$4,217 in the Capital Projects funds.

NOTE 7 - RECEIVABLES

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

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - Current & Delinquent	\$3,131,531
 <u>Special Revenue Funds</u>	
Due From Other Governments	242,870
 <u>Capital Projects Funds</u>	
Taxes - Current & Delinquent	101,473

NOTE 8 - FIXED ASSETS

A summary of the changes in the General Fixed Assets Account Group during the fiscal year follows:

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Land/Improvements	\$ 271,282	\$ 25,484		\$ 296,766
Buildings/Improvements	3,638,616	53,229		3,691,845
Furniture/Equipment	1,300,728	452,224		1,752,952
Vehicles	717,171	18,000		735,171
 Total	 <u>\$5,927,797</u>	 <u>\$548,937</u>	 <u>\$ 0</u>	 <u>\$6,476,734</u>

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

Furniture and Equipment	\$ 165,442
Less: Accumulated Depreciation	(119,619)
Net Fixed Assets	<u>\$ 45,823</u>

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS

- A. Energy conservation notes outstanding are general obligations of the District, for which the District's full faith and credit are pledged for repayment. Accordingly, these notes are accounted for in the General Long-Term Obligations Account Group. Payments of principal and interest relating to these notes are recorded as expenditures in the Debt Service fund; however, unlike general obligation bonds, Ohio statute allows for the issuance of these notes without voter approval, and the subsequent repayment of the notes from operating revenues. The following is a description of the notes outstanding as of June 30, 2001:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Notes Outstanding July 1, 2000</u>	<u>Notes Retired In 2001</u>	<u>Notes Outstanding June 30, 2001</u>
H.B. 264 - Energy Conservation Notes	5.40%	12/01/05	<u>\$150,000</u>	<u>\$(25,000)</u>	<u>\$125,000</u>

- B. The following is a summary of the District's future annual debt service requirements to maturity for general obligation debt:

<u>Year Ending</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2002	\$ 25,000	\$ 6,075	\$ 31,075
2003	25,000	4,725	29,725
2004	25,000	3,375	28,375
2005	25,000	2,025	27,025
2006	<u>25,000</u>	<u>675</u>	<u>25,675</u>
Total	<u>\$125,000</u>	<u>\$16,875</u>	<u>\$141,875</u>

- C. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the General Long-Term Obligations Account Group. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	<u>Balance July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2001</u>
Compensated Absences:				
Sick Leave (severance)	\$250,911	\$ 71,151	\$(102,098)	\$219,964
Vacation	426	25,841	(23,186)	3,081
H.B. 264 - Energy Bonds	150,000		(25,000)	125,000
Pension Obligation Payable	<u>41,122</u>	<u>60,289</u>	<u>(41,122)</u>	<u>60,289</u>
Total	<u>\$442,459</u>	<u>\$157,281</u>	<u>\$(191,406)</u>	<u>\$408,334</u>

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 9 - LONG-TERM OBLIGATIONS (Continued)

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The code further provides that unvoted indebtedness for energy conservation measures shall not exceed 9/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$6,462,170, an unvoted debt margin of \$71,802, and an unvoted energy conservation debt margin of \$521,217.

NOTE 10 - RISK MANAGEMENT

The 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. The District carries employee health and general liability insurance coverage through a commercial carrier. Absent the deductible, the risk of loss transfers entirely to the commercial carrier.

The District purchases dental and workers compensation insurance through the Southwestern Ohio Educational Purchasing Cooperative Benefit Plan Trust (the "Trust"). The Trust is a public entity risk pool currently operating as a common risk management and insurance program. The intent of the Trust is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Trust. The workers compensation experience of the participating school districts is calculated as one experience and the common premium rate is applied to all districts in the Trust. The Trust is self-sustaining through member premiums and will reinsure through commercial coverage for claims in excess of the pooling level per year.

The District continues to carry commercial insurance for all other risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 11 - SEGMENT INFORMATION - ENTERPRISE FUNDS

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

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating revenue	\$ 71,480	\$ 2,925	\$ 74,405
Depreciation	4,815		4,815
Operating income (loss)	(362,454)	2,925	(359,529)
Operating grants	325,549		325,549
Net income (loss)	(16,204)	2,925	(13,279)
Net working capital	28,190	29,325	57,515
Fixed assets:			
Additions	3,869		3,869
Total assets	118,979	29,325	148,304
Long-term liabilities payable from fund revenues	12,077		12,077
Total equity	61,936	29,325	91,261
Encumbrances at June 30	2,600		2,600

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2001; 4.2 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$184,188, \$172,745, and \$169,385, respectively; 47 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$97,776, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$451,815, \$459,854, and \$422,872, respectively; 84 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$72,632, which represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

C. Social Security System

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

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. For the District, this amount equaled \$145,226 during the 2001 fiscal year.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000, net health care costs paid by STRS were \$283.137 million and there were 99,011 eligible benefit recipients.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 13 - POSTEMPLOYMENT BENEFITS (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 9.8 percent of covered payroll. 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 2000, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, equaled \$136,116 during the 2001 fiscal year. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million and there were approximately 50,000 participants receiving health care benefits.

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING

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

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

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for Governmental funds (GAAP basis).

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 14 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Governmental Fund Types		
	General Fund	Special Revenue Funds	Capital Projects Funds
Budget Basis	\$(268,285)	\$(333,059)	\$(37,144)
Net Adjustment for Revenue Accruals	72,812	202,886	356
Net Adjustment for Expenditure Accruals	33,319	(118,295)	(48,278)
Net Adjustment for Other Financing Sources (Uses)	23,874	(83,316)	
Encumbrances (Budget Basis)	<u>108,436</u>	<u>99,913</u>	<u>48,000</u>
GAAP Basis	<u>\$ (29,844)</u>	<u>\$(231,871)</u>	<u>\$(37,066)</u>

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

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

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 15 - CONTINGENCIES (Continued)

C. School Funding Decision

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006. On November 5, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of January 22, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

NOTE 16 - ACCOUNTABILITY

The District is required to disclose all instances of violations of finance related legal provisions. During the audit period the District was found to be in violation of the following provisions:

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance. During the period tested, 35% of the transactions, had invoice dates preceding the purchase order dates, which indicates that the obligation was made prior to certification by the Fiscal Officer.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

NOTE 16 - ACCOUNTABILITY (Continued)

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At June 30, 2001, actual expenditures plus outstanding encumbrances exceeded appropriations in the following funds:

Fund	Excess
Special Revenue Funds:	
Teacher Development (416)	\$ 2,471
DPIA (447)	33,861
Ohio Reads (459)	3,212
Summer Intervention (460)	3,591
Title VI-B (516)	17,401
Title 1 (572)	29,415
Reducing Class Size (590)	12,038
Capital Projects Funds:	
Permanent Improvement (003)	22,347
Fiduciary Fund:	
Student Activity (200)	3,397

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	N/A	10.550		\$20,210		\$19,175
School Breakfast Program	05-PU 00	10.553	25,423		25,423	
	05-PU 01		<u>70,707</u>		<u>70,707</u>	
Total School Breakfast Program			96,130		96,130	
National School Lunch Program	LL-P1 00	10.555	47,046		47,046	
	LL-P4 00		7,085		7,085	
	LL-P1 01		132,168		132,168	
	LL-P4 01		<u>31,896</u>		<u>31,896</u>	
Total National School Lunch Program			218,195		218,195	
Summer Food Service Program for Children	23-ML 00	10.559	5,698		13,891	
	24-AD 00		1,147		1,717	
	23-ML 01		<u>19,505</u>		<u>1,799</u>	
Total Summer Food Service Program for Children			26,350		17,407	
Total United States Department of Agriculture-Nutrition Cluster			340,675	20,210	331,732	19,175
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education</i>						
Special Education Cluster						
Special Education Grants to States	6B-SF 00P	84.027			1,612	
	6B-SF 01P		47,301		45,974	
Total Special Education Grants to States			47,301		47,586	
Special Education Pre School Grants	PG-S1 01	84.173	1,773			
Total Special Education Cluster			49,074		47,586	
Title I Grants to Local Education Agencies	C1-S1 99	84.010			73,688	
	C1-S1 00		199,139		249,893	
	C1-S1 01		347,160		377,007	
	C1-SD 00		3,090		10,637	
	C1-SD 01		<u>13,500</u>		<u>16,139</u>	
Total Title I Grants to Local Education Agencies			562,889		727,364	
Safe and Drug Free Schools and Communities State Grants	DR-S1 99	84.186			267	
	DR-S1 00				650	
	DR-S1 01		2,332		2,332	
Total Safe and Drug Free Schools and Communities			2,332		3,249	
State and Local Education Systemic Improvement	G2-S1 00	84.276			7,577	
	G2-S1 00		8,579			
	G2-S2 00		14,000		11,891	
	G2-S2 01		<u>13,000</u>			
Total State and Local Education Systemic Improvement			35,579		19,468	
Eisenhower Professional Development State Grants	MS-S1 00	84.281			2,209	
	MS-S1 01		7,341			
Total Eisenhower Professional Development State Grants			7,341		2,209	
Innovative Education Program Strategies	C2-S1 99	84.298	528		1,028	
	C2-S1 00		1,585		2,595	
	C2-S1 01		<u>687</u>			
Total Innovative Education Program Strategies			2,800		3,623	
Class Size Reduction	CR-S1-00	84.340	37,011		31,582	
	CR-S1-01		17,121		13,615	
Total Class Size Reduction			54,132		45,197	
Total United States Department of Education			714,147		848,696	
CORPORATION FOR NATIONAL SERVICE						
<i>Passed through Ohio Department of Education</i>						
Learn and Serve America						
	SV-S3 99	94.004			4,497	
	SV-S4 00				2,180	
Total Corporation For National Service - Learn and Serve America					6,677	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed through Montgomery County Educational Service Center</i>						
Medical Assistance Program	N/A	93.778	4,258		4,258	
Total Federal Assistance			<u>\$1,059,080</u>	<u>\$20,210</u>	<u>\$1,191,363</u>	<u>\$19,175</u>

See accompanying notes to the schedule of federal awards receipts and expenditures.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2001**

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and 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--NUTRITION CLUSTER

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

NOTE C – MATCHING REQUIREMENTS

Certain Federal programs require that the District contribute non-Federal funds (matching funds) to support the Federally-funded programs. The District complied with the matching requirements. The expenditures of non-Federal matching funds is not included on the Schedule.

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Jefferson Township Local School District
Montgomery County
2989 South Union Road
Dayton, Ohio 45418

To the Board of Education:

We have audited the financial statements of Jefferson Township Local School District (the District), Montgomery County, as of and for the year ended June 30, 2001, and have issued our report thereon dated January 22, 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 2001-10357-001 through 2001-10357-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 22, 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. However, we noted a matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. A reportable condition involves a matter coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. A reportable condition is described in the accompanying schedule of findings as item 2001-10357-004.

**Internal Control Over Financial Reporting
(Continued)**

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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 22, 2002.

This report is intended for the information and use of 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.

Jim Petro
Auditor of State

January 22, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

One First National Plaza
130 West Second Street
Suite 2040
Dayton, Ohio 45402
Telephone 937-285-6677
800-443-9274
Facsimile 937-285-6688
www.auditor.state.oh.us

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

Jefferson Township Local School District
Montgomery County
2989 South Union Road
Dayton, Ohio 45418

To the Board of Education:

Compliance

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

Internal Control Over Compliance

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

Jefferson Township Local School District
Montgomery County
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
Page 2

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 2001-10357-004.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 22, 2002.

This report is intended for the information and use of 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.

Jim Petro
Auditor of State

January 22, 2002

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Program (list):	Title I, Grants to Local Agencies: CFDA # 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

FINDING NUMBER 2001-10357-001

Finding For Recovery / Repaid Under Audit

Pursuant to the Teacher Limited Contract, dated September 21, 2000, Ms. Bonita L. Bozovich, a music and band teacher, was to be paid an annual salary of \$35,652, which shall be paid in twenty-six equal installments pursuant to board policy. However, during this contract period, Ms. Bozovich was paid \$38,943 in annual salary, which resulted in an over payment of compensation in the amount of \$3,291. This additional compensation was not approved by the Board of Education.

In accordance with the foregoing facts, and pursuant to **Ohio Rev. Code Section 117.28**, a Finding for Recovery for public monies being illegally expended is hereby issued against Ms. Bonita L. Bozovich, in the amount of \$3,291 and in favor of Jefferson Township Local School District's General Fund.

On February 15, 2002, the School District reached an Agreement with Ms. Bozovich in which she agreed to have her gross pay reduced each pay period in the amount of \$82.27, before taxes and other deductions, beginning the paycheck of February 22, 2002 and thereafter for each paycheck through the school year 2002-2003. This will amount to forty separate payroll deductions.

FINDING NUMBER 2001-10357-002

Non-Compliance Citation

Ohio Rev. Code Section 5705.41(D) states no subdivision shall make any contract or order any expenditure of money unless the certificate of the fiscal officer is attached. The fiscal officer must certify that the amount required to meet such a commitment has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrance.

This Section also provides an exception to the above requirements:

Then and Now Certificate - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the Board may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate, if such expenditure is otherwise valid. If the amount involved is less than one thousand dollars, the fiscal officer may authorize it to be paid without the affirmation of the Board of Education.

During the period tested, 35% of the transactions tested had invoice dates preceding the purchase order dates, which indicates that the obligation was made prior to certification by the Fiscal Officer. The District honored these commitments instead of declaring them null and void. This procedure is also a key control in the disbursement process, and requires purchase commitments to receive prior approval to help reduce the possibility of funds being over expended. To improve controls over disbursements, the Treasurer should properly certify the funds are available before the commitments are made.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

<p>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</p>
--

FINDING NUMBER 2001-10357-003

Non-Compliance Citation

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. At June 30, 2001, actual expenditures plus outstanding encumbrances exceeded appropriations in the following funds:

Fund	Excess
Special Revenue Funds:	
Teacher Development (416)	\$ 2,471
DPIA (447)	33,861
Ohio Reads (459)	3,212
Summer Intervention (460)	3,591
Title VI-B (516)	17,401
Title 1 (572)	29,415
Reducing Class Size (590)	12,038
Capital Projects Funds:	
Permanent Improvement (003)	22,347
Fiduciary Fund:	
Student Activity (200)	3,397

The tests of expenditures and encumbrances within appropriations at the legal level of control at other months during the fiscal year also noted several line items that had expenditures and encumbrances which exceeded appropriations. The District should monitor appropriations and expenditures throughout the fiscal year, making amendments to its appropriations as needed to be in compliance with this Section of Ohio Revised Code. Implementing these procedures will also reduce the risk that the District expends and encumbers more monies than is legally appropriated by the Board.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

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

FINDING NUMBER 2001-10357-004

The District has adopted a fixed asset policy that details procedures regarding the recording and control of fixed assets. Items that are covered in the policy are asset acquisition and disposition forms, tagging of fixed assets, taking a periodic physical inventory of fixed assets, and fixed asset reporting. Additionally, the State Department of Education requires that an inventory of fixed assets purchased with federal funds be kept and verified by a physical count biannually. Tests of fixed assets noted that these policies have not been implemented, and the fixed asset inventory had not been updated since 1998.

Failure to maintain an updated list of fixed assets may result in a suspension of federal funding, inadequate insurance coverage, missing assets not being detected in a timely manner, inadequate records in case of a disaster, or an error in reporting fixed assets on the financial statements. The District should review its policy concerning fixed assets and implement the procedures set forth within the said policy.

3. FINDINGS FOR FEDERAL AWARDS

Finding Number	Same as 2001-10357-004 above
CFDA TITLE and Number	Title 1, CFDA #84.010
Federal Award Number / Year	All awards expended during Fiscal Year 2001
Federal Agency	United States Department of Education
Pass-Through Agency	Ohio Department of Education

Refer to **Finding Number 2001-10357-004** above for details.

**JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT
MONTGOMERY COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10357-001	Ohio Rev. Code Section 5705.41 (B) - Expenditures plus outstanding encumbrances exceeded appropriations.	No	Repeated finding in fiscal year 2001
2000-10357-002	Ohio Rev. Code Section 5705.41(D) - Certificate of Fiscal Officer before making expenditure.	No	Repeated finding in fiscal year 2001
2000-10357-003	Implementing controls of the adopted fixed asset inventory policy.	No	Repeated finding in fiscal year 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

JEFFERSON TOWNSHIP LOCAL SCHOOL DISTRICT

MONTGOMERY 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
MARCH 5, 2002**