

Norman  
Jones  
Enlow  
& Co.

Certified Public Accountants  
& Management Consultants

JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
ANNUAL REPORT  
June 30, 1999

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
ANNUAL REPORT  
June 30, 1999**

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
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JOINSTOWN-MONROE LOCAL SCHOOL DISTRICT  
 LICKING COUNTY  
 ELECTED OFFICIALS  
 AS OF JUNE 30, 1999

Elected Officials	Title	Surety	Amount	Term of Office
<u>Board of Education:</u>				
David Roby	President	(A)	\$20,000	11/1/97-12/31/99
Roy Meyers	Vice President	N/A	N/A	11/1/97-12/31/01
Warren Butt	Member	N/A	N/A	11/1/95-12/31/99
Walter Dodson	Member	N/A	N/A	11/1/95-12/31/99
Robert Guiler	Member	N/A	N/A	11/1/97-12/31/01

Statutory Legal Counsel

Means, Bichimer, Burkholder & Baker  
 Co., L.P.A  
 Attorneys at Law  
 2006 Kenny Road  
 Columbus, OH 43221-3502

Official Address

Johnstown-Monroe Local School District  
 441 South Main Street  
 Johnstown, Ohio 43031

(A) Ohio Casualty Insurance Company

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 1999**

<u>Name</u>	<u>Title</u>	<u>Contract Period</u>	<u>Surety</u>	<u>Amount</u>	<u>Period</u>
Susan K. Ward	Treasurer	1/1/99-12/31/00	(A)	\$ 40,000	1/1/99-1/1/00
Daniel E. Montgomery	Superintendent	8/01/98-7/31/99	(A)	\$ 20,000	11/16/98-Indefinite

(A) O.S.B.A. Bond Program

(B) Ohio Casualty Insurance Company

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPES:**

**General Fund Type:**

- General Fund

**Special Revenue Fund Types:**

- Principals Fund
- School Managed Activity Funds
- Career Development Grant Fund
- Adult Vocational Education Fund
- Education Management Information System Fund
- Disadvantaged Pupil Impact Aid Fund
- Eisenhower Math and Science Fund
- Continuous Improvement Fund
- Grants to Local Educational Agencies – (ESEA Title I)
- Drug Free Schools Fund
- Library Grant Fund

**Capital Projects Fund**

- Permanent Improvement Fund
- Building Fund
- School Net Fund

**PROPRIETARY FUND TYPE:**

**Enterprise Fund Types:**

- Food Services Fund
- Uniform School Supplies Fund

**AGENCY FUND TYPE:**

- Student Managed Activities Fund



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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Columbus, Ohio 43215

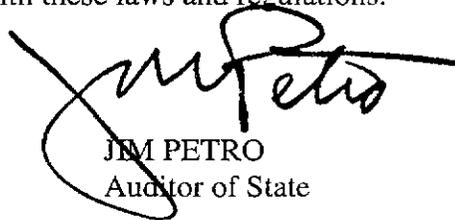
Telephone 614-466-4514  
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Facsimile 614-728-7398

Board of Education  
Johnstown-Monroe Local School District  
Johnstown, Ohio

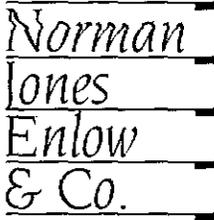
We have reviewed the Independent Auditor's Report of the Johnstown-Monroe Local School District, Licking County, prepared by Norman, Jones, Enlow & Co., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Johnstown-Monroe Local School District is responsible for compliance with these laws and regulations.



JIM PETRO  
Auditor of State

April 25, 2000



Certified Public Accountants  
& Management Consultants

## INDEPENDENT AUDITORS' REPORT

Board of Education  
Johnstown-Monroe Local School District  
Johnstown, Ohio

We have audited the accompanying general purpose financial statements of the Johnstown-Monroe Local School District as of and for the year ended June 30, 1999, 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 generally accepted auditing standards 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 general purpose financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates, if any, 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 Johnstown-Monroe Local School District as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types for the year ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated December 29, 1999, on our consideration of Johnstown-Monroe Local School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

*Norman Jones Enlow & Co.*

Zanesville, Ohio  
December 29, 1999

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Johnstown-Monroe Local School District  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 As of June 30, 1999

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Totals 1999 (Memorandum) (Only)
	General	Service Revenue	Debt Service	Capital Project	Enterprise	Trust and Agency	General Fixed Assets	Long Term Debt			
									General	General	
<b>Assets and Other Debits:</b>											
Equity in Pooled Cash and Investments	\$ 1,249,388	103,515	294,620	266,579	88,626	183,764	-	-	-	-	\$ 2,186,492
Restricted Assets	85,830	-	-	-	-	-	-	-	-	-	85,830
Taxes Receivable	3,229,389	-	377,607	-	-	-	-	-	-	-	3,606,996
Inventory	-	-	-	-	4,416	-	-	-	-	-	4,416
Accounts Receivable	3,238	1,137	-	-	-	351	-	-	-	-	4,726
Intergovernmental Receivables	350	1,000	-	-	-	-	-	-	-	-	1,350
Interfund Receivable	1,000	-	-	-	-	-	-	-	-	-	1,000
Property, Plant & Equipment (net where applicable)	-	-	-	-	38,885	-	-	-	-	-	5,918,644
Amount Available in Debt Service Fund	-	-	-	-	-	-	-	5,879,759	324,460	-	324,460
Amount to be Provided for Retirement of											
General Long Term Debt	-	-	-	-	-	-	-	-	1,217,388	-	1,217,388
<b>Total Assets and Other Debits</b>	<b>\$ 4,569,195</b>	<b>105,652</b>	<b>672,227</b>	<b>266,579</b>	<b>131,927</b>	<b>184,115</b>	<b>-</b>	<b>5,879,759</b>	<b>1,541,848</b>	<b>-</b>	<b>\$ 13,351,302</b>
<b>Liabilities:</b>											
Accounts Payable	22,235	19,618	-	-	159	2,790	-	-	-	-	44,802
Accrued Wages & Benefits	502,255	17,674	-	-	11,592	-	-	-	-	-	531,521
Compensated Absences Payable	70,280	-	-	-	7,537	-	-	-	546,958	-	624,775
Intergovernmental Payable	123,625	3,657	-	33	38,831	-	-	-	30,026	-	196,172
Interfund Payable	-	1,000	-	-	-	-	-	-	-	-	1,000
Deferred Revenue	2,974,229	-	347,767	-	2,840	-	-	-	-	-	3,324,836
Due to Students	-	-	-	-	-	27,248	-	-	-	-	27,248
Capital Leases Payable	-	-	-	-	-	-	-	-	8,164	-	8,164
General Long Term Obligations	-	-	-	-	-	-	-	-	956,700	-	956,700
<b>Total Liabilities</b>	<b>3,692,624</b>	<b>41,949</b>	<b>347,767</b>	<b>33</b>	<b>60,959</b>	<b>30,038</b>	<b>-</b>	<b>5,879,759</b>	<b>1,541,848</b>	<b>-</b>	<b>5,715,218</b>
<b>Investment in General Fixed Assets</b>											
Retained Earnings	-	-	-	-	-	-	-	5,879,759	-	-	5,879,759
<b>Fund Balances:</b>											
Reserved for Encumbrances	133,091	36,937	-	8,794	-	6,354	-	-	-	-	185,176
Reserved for Debt	-	-	294,620	-	-	-	-	-	-	-	294,620
Reserved for Budget Stabilization	85,830	-	-	-	-	-	-	-	-	-	85,830
Reserved for Future Appropriation	255,160	-	29,840	-	-	-	-	-	-	-	285,000
Unreserved Fund Balance	402,490	26,766	-	257,752	-	147,723	-	-	-	-	834,731
<b>Total Fund Equity and Other Credits</b>	<b>876,571</b>	<b>63,703</b>	<b>324,460</b>	<b>266,546</b>	<b>70,968</b>	<b>154,077</b>	<b>-</b>	<b>5,879,759</b>	<b>-</b>	<b>-</b>	<b>7,636,084</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 4,569,195</b>	<b>105,652</b>	<b>672,227</b>	<b>266,579</b>	<b>131,927</b>	<b>184,115</b>	<b>-</b>	<b>5,879,759</b>	<b>1,541,848</b>	<b>-</b>	<b>\$ 13,351,302</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Johnstown-Monroe Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balance**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	<i>Governmental Fund Types</i>				<i>Fiduciary</i>	<i>Totals</i>
	<i>General</i>	<i>Special</i>	<i>Debt</i>	<i>Capital</i>	<i>Expendable</i>	<i>(Memorandum</i>
		<i>Revenue</i>	<i>Service</i>	<i>Projects</i>	<i>Trust</i>	<i>Only)</i>
<b>REVENUES:</b>						
Intergovernmental	\$ 3,426,413	251,470	45,494	116,926	-	\$ 3,840,303
Earnings on Investments	103,107	-	-	1,739	-	104,846
Tuition & Fees	9,748	-	-	-	-	9,748
Rent	1,824	-	-	-	-	1,824
Extracurricular Activities	1,150	167,676	-	-	-	168,826
Gifts & Donations	-	5,512	-	-	210,983	216,495
Customer Services	2,089	-	-	-	-	2,089
Property & Other Local Taxes	2,656,949	-	332,910	-	-	2,989,859
Miscellaneous	1,495	1,137	-	-	-	2,632
<b>Total Revenue</b>	<b>6,202,775</b>	<b>425,795</b>	<b>378,404</b>	<b>118,665</b>	<b>210,983</b>	<b>7,336,622</b>
<b>EXPENDITURES:</b>						
Instruction						
Regular Instruction	3,108,266	14,848	-	143,394	-	3,266,508
Special Instruction	450,061	175,684	-	-	-	625,745
Vocational Instruction	147,085	1,805	-	-	-	148,890
Supporting Services						
Supporting Services-Pupils	233,226	15,668	-	-	-	248,894
Supporting Services-Instructional Staff	192,325	36,214	-	-	14,945	243,484
Supporting Services-Board of Education	19,769	-	-	-	1,200	20,969
Supporting Services-Administration	552,003	-	-	-	58,147	610,150
Fiscal Services	203,713	-	-	-	-	203,713
Operation & Maintenance-Plant	518,477	-	-	-	-	518,477
Supporting Services-Pupil Transportatio	302,231	42	-	-	-	302,273
Central Services	125,065	16,236	-	-	-	141,301
Non-Instructional Services	-	107	-	-	-	107
Extracurricular Activities						
Student Activities	99,346	190,197	-	-	7,398	296,941
Capital Outlay	14,600	-	-	241,919	-	256,519
Debt Service						
Principal Retirement	-	-	303,500	-	-	303,500
Interest and Fiscal Charges	-	-	71,795	-	-	71,795
<b>Total Expenditures</b>	<b>5,966,167</b>	<b>450,801</b>	<b>375,295</b>	<b>385,313</b>	<b>81,690</b>	<b>7,259,266</b>
<b>Excess (Deficiency) of Revenues</b>						
Over (Under) Expenditures	236,608	(25,006)	3,109	(266,648)	129,293	77,356
<b>Other Financing Sources and Uses:</b>						
Proceeds from Sale of Notes	-	-	-	431,700	-	431,700
Other Financing Sources	9,428	15,411	-	-	14,945	39,784
Transfers In	22,785	-	-	-	-	22,785
Transfers Out	(22,785)	-	-	-	-	(22,785)
<b>Net Other Financing Sources and Uses</b>	<b>9,428</b>	<b>15,411</b>	<b>-</b>	<b>431,700</b>	<b>14,945</b>	<b>471,484</b>
<b>Excess (Deficiency) of Revenue Receipts</b>						
<b>and Other Sources Over (Under) Expenditure</b>						
Disbursement and Other Uses	246,036	(9,595)	3,109	165,052	144,238	548,840
<b>Beginning Fund Balance</b>	<b>630,535</b>	<b>73,298</b>	<b>321,351</b>	<b>101,494</b>	<b>9,839</b>	<b>1,136,517</b>
<b>Ending Fund Balance</b>	<b>\$ 876,571</b>	<b>63,703</b>	<b>324,460</b>	<b>266,546</b>	<b>154,077</b>	<b>\$ 1,685,357</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Johnstown-Monroe Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types**  
**Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$ 3,460,457	3,460,457	0	250,470	250,470	\$ 0
Earnings on Investment	103,107	103,107	0	0	0	0
Tuition & Fees	9,484	9,484	0	0	0	0
Rent	779	779	0	0	0	0
Extracurricular Activities	1,150	1,150	0	167,676	167,676	0
Gifts and Donations	0	0	0	5,512	5,512	0
Customer Services	2,089	2,089	0	0	0	0
Property and Other Local Taxes	2,770,532	2,770,532	0	0	0	0
Miscellaneous	1,785	1,785	0	0	0	0
<b>Total Revenue</b>	<b>6,349,383</b>	<b>6,349,383</b>	<b>0</b>	<b>423,658</b>	<b>423,658</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	3,060,031	3,060,031	0	43,053	43,053	0
Special Instruction	452,745	452,745	0	171,732	171,732	0
Vocational Instruction	146,833	146,833	0	1,800	1,800	0
Support Services-Pupils	236,903	236,903	0	17,972	17,972	0
Support Services-Instructional Staff	198,457	198,457	0	21,940	21,940	0
Support Services-Board of Education	20,352	20,352	0	0	0	0
Support Services-Administration	534,283	534,283	0	0	0	0
Fiscal Services	205,172	205,172	0	0	0	0
Operation & Maintenance-Plant	581,706	581,706	0	0	0	0
Support Services-Transportation	337,655	337,655	0	44	44	0
Central Services	125,065	125,065	0	16,236	16,236	0
Non Instructional Services	0	0	0	2,107	2,107	0
Extracurricular Activities	103,404	103,404	0	199,010	199,010	0
Capital Outlay	16,000	16,000	0	0	0	0
Debt Service-Principal	0	0	0	0	0	0
Debt Service-Interest	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>6,018,606</b>	<b>6,018,606</b>	<b>0</b>	<b>473,894</b>	<b>473,894</b>	<b>0</b>
Excess of Revenue Over (Under) Expenditures	330,777	330,777	0	(50,236)	(50,236)	0
<b>Other Financing Sources (Uses):</b>						
Transfers-In	22,785	22,785	0	0	0	0
Proceeds from Sale of Long Term Notes	0	0	0	0	0	0
Refund of Prior Year Expenditures	40,747	40,747	0	30	30	0
Advances -In	3,875	3,875	0	1,000	1,000	0
Other Financing Sources	1,095	1,095	0	13,581	13,581	0
Transfers -Out	(22,785)	(22,785)	0	0	0	0
Advances-Out	(1,000)	(1,000)	0	(3,875)	(3,875)	0
<b>Total Other Sources (Uses)</b>	<b>44,717</b>	<b>44,717</b>	<b>0</b>	<b>10,736</b>	<b>10,736</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>375,494</b>	<b>375,494</b>	<b>0</b>	<b>(39,500)</b>	<b>(39,500)</b>	<b>0</b>
Beginning Fund Balance	668,237	668,237	0	84,725	84,725	0
Prior Year Carry Over Encumbrances	136,581	136,581	0	16,817	16,817	0
<b>Ending Fund Balance</b>	<b>\$ 1,180,312</b>	<b>1,180,312</b>	<b>0</b>	<b>62,042</b>	<b>62,042</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Johnstown-Monroe Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types- (continued)**  
**Year Ended June 30, 1999**

	Debt Service Fund			Capital Projects Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$ 45,494	45,494	0	116,926	116,926	\$ 0
Earnings on Investment	0	0	0	1,739	1,739	0
Tuition & Fees	0	0	0	0	0	0
Rent	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Gifts and Donations	0	0	0	0	0	0
Customer Services	0	0	0	0	0	0
Property and Other Local Taxes	351,604	351,604	0	0	0	0
Miscellaneous	0	0	0	0	0	0
<b>Total Revenue</b>	<b>397,098</b>	<b>397,098</b>	<b>0</b>	<b>118,665</b>	<b>118,665</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	143,655	143,655	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	0	0	0
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Central Services	0	0	0	0	0	0
Non Instructional Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Capital Outlay	0	0	0	250,419	250,419	0
Debt Service-Principal	311,954	311,954	0	0	0	0
Debt Service-Interest	63,342	63,342	0	0	0	0
<b>Total Expenditures</b>	<b>375,296</b>	<b>375,296</b>	<b>0</b>	<b>394,074</b>	<b>394,074</b>	<b>0</b>
Excess of Revenue Over (Under) Expenditures	21,802	21,802	0	(275,409)	(275,409)	0
<b>Other Financing Sources (Uses):</b>						
Transfers-In	0	0	0	0	0	0
Proceeds from Sale of Long Term Notes	0	0	0	431,700	431,700	0
Refund of Prior Year Expenditures	0	0	0	0	0	0
Advances -In	0	0	0	0	0	0
Other Financing Sources	0	0	0	0	0	0
Transfers -Out	0	0	0	0	0	0
Advances-Out	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>431,700</b>	<b>431,700</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>21,802</b>	<b>21,802</b>	<b>0</b>	<b>156,291</b>	<b>156,291</b>	<b>0</b>
Beginning Fund Balance	272,817	272,817	0	79,959	79,959	0
Prior Year Carry Over Encumbrances	0	0	0	21,534	21,534	0
<b>Ending Fund Balance</b>	<b>\$ 294,619</b>	<b>294,619</b>	<b>0</b>	<b>257,784</b>	<b>257,784</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statements.

(Continued)

**Johnstown-Monroe Local School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Similar Fiduciary Fund Types- (continued)**  
**Year Ended June 30, 1999**

	Expendable Trust			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Intergovernmental	\$ 0	0	0	3,873,347	3,873,347	\$ 0
Earnings on Investment	0	0	0	104,846	104,846	0
Tuition & Fees	0	0	0	9,484	9,484	0
Rent	0	0	0	779	779	0
Extracurricular Activities	0	0	0	168,826	168,826	0
Gifts and Donations	210,984	210,984	0	216,496	216,496	0
Customer Services	0	0	0	2,089	2,089	0
Property and Other Local Taxes	0	0	0	3,122,136	3,122,136	0
Miscellaneous	0	0	0	1,785	1,785	0
<b>Total Revenue</b>	<b>210,984</b>	<b>210,984</b>	<b>0</b>	<b>7,499,788</b>	<b>7,499,788</b>	<b>0</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	3,246,739	3,246,739	0
Special Instruction	0	0	0	624,477	624,477	0
Vocational Instruction	0	0	0	148,633	148,633	0
Support Services-Pupils	0	0	0	254,875	254,875	0
Support Services-Instructional Staff	14,945	14,945	0	235,342	235,342	0
Support Services-Board of Education	1,200	1,200	0	21,552	21,552	0
Support Services-Administration	63,501	63,501	0	597,784	597,784	0
Fiscal Services	0	0	0	205,172	205,172	0
Operation & Maintenance-Plant	0	0	0	581,706	581,706	0
Support Services-Transportation	0	0	0	337,699	337,699	0
Central Services	0	0	0	141,301	141,301	0
Non Instructional Services	0	0	0	2,107	2,107	0
Extracurricular Activities	0	0	0	302,414	302,414	0
Capital Outlay	10,088	10,088	0	276,507	276,507	0
Debt Service-Principal	0	0	0	311,954	311,954	0
Debt Service-Interest	0	0	0	63,342	63,342	0
<b>Total Expenditures</b>	<b>89,734</b>	<b>89,734</b>	<b>0</b>	<b>7,351,604</b>	<b>7,351,604</b>	<b>0</b>
<b>Excess of Revenue Over (Under) Expenditures</b>	<b>121,250</b>	<b>121,250</b>	<b>0</b>	<b>148,184</b>	<b>148,184</b>	<b>0</b>
<b>Other Financing Sources (Uses):</b>						
Transfers-In	0	0	0	22,785	22,785	0
Proceeds from Sale of Fixed Assets	0	0	0	431,700	431,700	0
Refund of Prior Year Expenditures	0	0	0	40,777	40,777	0
Advances -In	0	0	0	4,875	4,875	0
Other Financing Sources	14,945	14,945	0	29,621	29,621	0
Transfers -Out	0	0	0	(22,785)	(22,785)	0
Advances-Out	0	0	0	(4,875)	(4,875)	0
<b>Total Other Sources (Uses)</b>	<b>14,945</b>	<b>14,945</b>	<b>0</b>	<b>502,098</b>	<b>502,098</b>	<b>0</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>						
Beginning Fund Balance	6,771	6,771	0	1,112,509	1,112,509	0
Prior Year Carry Over Encumbrances	5,757	5,757	0	180,689	180,689	0
<b>Ending Fund Balance</b>	<b>\$ 148,723</b>	<b>148,723</b>	<b>0</b>	<b>1,243,480</b>	<b>1,243,480</b>	<b>\$ 0</b>

See Accompanying Notes to the General Purpose Financial Statements.

**Johnstown-Monroe Local School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types**  
**Year Ended June 30, 1999**

	<u>Enterprise Funds</u>
<b>Operating Revenues:</b>	
Sales	\$ 185,185
<b>Total Operating Revenue</b>	<u>185,185</u>
<b>Operating Expenses:</b>	
Personal Services - Salary	75,492
Employee Benefits	74,904
Purchased Services	3,805
Cost of Goods	110,057
Depreciation	2,731
<b>Total Operating Expenses</b>	<u>266,989</u>
<b>Operating Loss</b>	(81,804)
<b>Non-Operating Revenues:</b>	
Interest Income	2,071
Federal and State Subsidies	45,625
<b>Total Non-Operating Revenue</b>	<u>47,696</u>
<b>Net Loss</b>	(34,108)
<b>Beginning Retained Earnings, as restated</b>	<u>105,076</u>
<b>Retained Earnings at End of Year</b>	<u>\$ 70,968</u>

**Johnstown-Monroe Local School District  
 Combined Statement of Cash Flows  
 All Proprietary Fund Types  
 Year Ended June 30, 1999**

	<b>Enterprise Funds</b>
<b>Cash Flows from Operating Activities</b>	
Operating Loss	\$ (81,804)
<b>Adjustments to Reconcile Operating Loss to Net Cash provided by Operating Activities:</b>	
Depreciation	2,732
Donated Commodities Used During Year	11,712
<b>Net Increase (Decrease) in Assets:</b>	
Inventory	(1,015)
<b>Net Increase (Decrease) in liabilities:</b>	
Interfund Payable	(7,500)
Accounts Payable	(179)
Accrued Wages and Benefits	3,170
Compensated Absences	3,248
Intergovernmental Payable	28,239
Deferred Revenue	1,194
<b>Net Adjustments</b>	<b>41,601</b>
<b>Net Cash Used in Operating Activities</b>	<b>(40,203)</b>
<b>Cash Flows from Noncapital Financing Activities:</b>	
Interest Income	2,071
Grants from State and Federal Sources	33,913
<b>Net Cash Provided by Noncapital Financing Sources</b>	<b>35,984</b>
<b>Net Decrease in Cash &amp; Cash Equivalents</b>	<b>(4,219)</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>	<b>92,845</b>
<b>Cash and Cash Equivalents at End of Year</b>	<b>\$ 88,626</b>

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 1 - Description of the School District and Reporting Entity**

**A. Reporting Entity**

Johnstown-Monroe Local School District (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The District was established in 1813 through the consolidation of existing land areas and school districts. The District serves an area of approximately 49 square miles. It is located in Licking County, and includes the Village of Johnstown and portions of Liberty, Monroe and Jersey Townships and Harlam Township in Delaware County.

The District is governed by a locally-elected five-member Board of Education (the Board) which provides educational services. The Board controls the District's instructional/support facilities staffed by approximately 52 classified and 88 certificated teaching and administrative personnel who provide services to 1,326 students and other community members. The District currently operates four instructional buildings, one administrative building and two garages.

The reporting entity is comprised of the primary government, component units and other organizations that are included to ensure 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 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 District has no component units.

The following entities which perform activities within the District boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

*Village of Johnstown* The village government is a separate body politic and corporate. Officials are elected independent of any District relationships and administer the provision of traditional village services. Council acts as the taxing and budgeting authority for these village services.

*Parent Teacher Association* The District is not involved in the budgeting or management, is not responsible for any debt and has no influence over the organization.

The District is associated with two jointly governed organizations, and one public entity risk pool. These organizations are discussed in Note 13 to the general purpose financial statements. These organizations are:

**Jointly Governed Organizations:**

Licking County Joint Vocational School  
Licking Area Computer Association

**Public Entity Risk Pools:**

Ohio School Boards Association Workers' Compensation Group Rating Program

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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**Note 2 - Summary of Significant Accounting Policies**

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

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

**General Fund** The general fund is the 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 according to the general laws of Ohio.

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

**Debt Service Funds** Debt service funds are 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 or construction of major capital facilities (other than those financed by proprietary funds).

**Proprietary Fund Types** Proprietary funds are used to account for the District's ongoing activities which are similar to those found in the private sector. The following are the District's proprietary fund types:

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

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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*Internal Service Funds* Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

*Fiduciary Fund Types* Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

*Trust and Agency Funds* The District's fiduciary funds include expendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The District's agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

*General Fixed Assets Account Group* This account group is established to account for all fixed assets of the District, other than those accounted for in the proprietary funds.

*General Long-Term Obligations Account Group* This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary funds.

**B. Measurement Focus and Basis of Accounting**

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

All proprietary fund types are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, interest, tuition, grants and entitlements, and student fees.

The District reports deferred revenues 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. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned, and expenses are recognized when they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that use Proprietary Fund Accounting", the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**C. Budgetary Data**

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.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**Tax Budget** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. The express purpose of this budget document is to reflect the need for existing or increased tax rates. The adopted budget is submitted to The County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year for rate determination.

**Estimated Resources** By 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 the basis for the annual appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified or actual receipts exceed current estimates. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

**Appropriations** A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. The appropriation resolution establishes spending controls at the fund, function and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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as certified. The allocation of appropriations among functions and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were legally enacted. The budgetary figures which appear in the Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

**Encumbrances** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Encumbrances plus expenditures may not legally exceed appropriations at the legal level of control. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

**D. Cash and Cash Equivalents and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. 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 Investments". During the fiscal year all investments were limited to the State Treasury Asset Reserve of Ohio (Star Ohio) and repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 1998. 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, 1998.

In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the District records all its investment at fair value.

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

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, Capital Projects and Food Service Fund during the fiscal year amounted to \$106,917.

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***E. Inventory***

Inventory is stated at the lower of cost or market in the proprietary funds. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are recorded as expenses when used.

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

***G. Fixed Assets and Depreciation***

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

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

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

***H. Intergovernmental Revenues***

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and became measurable.

The District currently participates in several State and Federal programs, categorized as follows:

**Entitlements**

***General Fund***

State Foundation Program

School Bus Purchase

State Property Tax Relief

**Non-Reimbursable Grants**

Educational Management Information System

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***Special Revenue Funds***

- Professional Development
- Data Communication
- Eisenhower Grant
- Title VIB
- Title I
- Title VI

***Capital Projects Funds***

- School Net
- School Net Plus
- Technology Equity

***Reimbursable Grants***

***General Fund***

- Driver Education

***Proprietary Funds***

- National School Breakfast Program
- National School Lunch Program
- Government Donated Commodities

Grants and entitlements received in governmental funds amounted to 52.1 percent of governmental fund revenue during the 1999 fiscal year.

***I. Interfund Assets/Liabilities***

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

***J. Compensated Absences***

In accordance with GASB Statement No. 16 *Accounting for Compensated Absences*, vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future, those employees who have an accumulated unused sick leave balance after 20 years of current service with the District, or after 15 years of service and at least 45 years of age, or after five years of service and at least 50 years of age. Employees may earn 15 days of sick leave per year up to a maximum of 220 days. Upon retirement, employees will receive one-half of the accumulated sick leave up to a maximum of 60 days. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable". The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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***K. Accrued Liabilities and Long-Term Obligations***

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions and special termination benefits 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 expendable available financial resources. In general, amounts paid more than sixty days after year end are considered not to have been paid with current available financial resources. Bonds and capital leases are recognized 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.

Under Ohio law, a debt retirement fund must be created and used for the payment of tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the activity of the District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

***L. Bond Premiums and Discounts***

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period. Bond proceeds are reported as an other financing source net of the applicable premium or discount. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures.

***M. Interfund Transactions***

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

***N. Fund Balance Reserves***

The District reserves fund balance for amounts that are legally segregated for a specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, debt service, budget stabilization and future appropriation. The reserve for future appropriation represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

***O. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A fund balance reserve has also been established.

***P. Estimates***

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results may differ from those estimates.

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

**Q. Total Columns on General Purpose Financial Statements**

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

**Note 3 - Budgetary Basis of Accounting**

While the District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Similar Fiduciary Fund Type 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 GAAP basis are:

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

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Type and Similar Fiduciary Fund Type				
	Governmental Fund Type				Fiduciary Expendable
	General Fund	Special Revenue	Debt Service	Capital Project	Trust Fund
GAAP Basis	\$ 246,036	(9,595)	3,109	165,053	\$ 144,238
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	146,608	(2,137)	18,694	0	1
Due to Expenditures:					
Net Adjustments to Expenditure	(52,439)	(23,093)	(1)	(8,762)	(8,044)
Due to Other Sources/Uses	35,289	(4,675)	0	0	0
Budget Basis	<u>\$ 375,494</u>	<u>(39,500)</u>	<u>21,802</u>	<u>156,291</u>	<u>\$ 136,195</u>

**Johnstown-Monroe Local School District**  
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**Note 4 - Deposits 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 (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be

**Johnstown-Monroe Local School District**  
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made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year end, the carrying amount of the District's deposits was \$(68,947) and the bank balance was \$151,298. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$51,298 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the 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 are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category		Carrying Amount	Fair Value
	1	2		
Repurchase Agreements	0	0	519,944	\$ 519,944
STAR Ohio			N/A	\$ 1,821,325
<b>Total Investments</b>				<b>\$ 2,341,269</b>

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

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 2,272,322	\$ 0
Investments:		
Repurchase Agreements	(519,944)	519,944
STAR Ohio	(1,821,325)	1,821,325
<b>GASB Statement No. 3</b>	<b>\$ (68,947)</b>	<b>\$ 2,341,269</b>

**Johnstown-Monroe Local School District**  
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**Note 5 - Property Taxes**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1999. Public utility property taxes are assessed on tangible personal property at eighty-eight percent of true value (with certain exceptions) and on real property at thirty-five percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are twenty-five percent of true value.

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

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

The District receives property taxes from Licking County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$285,000 and is recognized as revenue. \$255,160 was available to the general fund and \$29,840 was available to the debt service fund.

The assessed values upon which fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections Amount	1999 First- Half Collections Amount
Agricultural/ Residential and Other Real Estate	\$99,683,620	\$ 104,590,360
Public Utility Personal	5,341,510	1,019,390
Tangible Personal Property	7,055,390	12,687,760
Total	<u>\$ 112,080,520</u>	<u>\$ 118,297,510</u>
Full tax rate per \$1,000 of assessed valuation	\$46.16	\$45.28

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 6 - Receivables**

Receivables at June 30, 1999, consisted of taxes, accounts (interest, tuition and miscellaneous), interfund and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of receivables follows:

	Amounts
<b>General Fund:</b>	
Taxes	\$ 3,229,389
Accounts	3,238
<b>Intergovernmental:</b>	
Drivers Education Subsidy	350
<b>Total General Fund</b>	<b>3,232,977</b>
<b>Special Revenue Funds:</b>	
Accounts	1,137
<b>Intergovernmental:</b>	
Ecolab Grant	1,000
<b>Total Special Revenue Funds</b>	<b>2,137</b>
<b>Debt Service Funds:</b>	
Taxes	377,607
<b>Agency Funds:</b>	
Accounts	351
<b>Total Receivables</b>	<b>\$ 3,613,072</b>

**Note 7 - Fixed Assets**

A summary of the enterprise funds fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$ 99,092
Less: accumulated depreciation	(60,207)
<b>Net Fixed Assets</b>	<b>\$ 38,885</b>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$ 190,143	0	0	\$ 190,143
Buildings and Improvements	3,638,290	13,484	0	3,651,774
Furniture and Equipment	1,300,604	382,802	187,390	1,496,016
Vehicles	541,826	0	0	541,826
<b>Total General Fixed Assets</b>	<b>\$ 5,670,863</b>	<b>396,286</b>	<b>187,390</b>	<b>\$ 5,879,759</b>

There was no significant construction in progress at June 30, 1999. Fixed Assets have been restated (Note 19).

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 8 - Risk Management**

*A. Property and Liability*

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. During fiscal year 1999 the District contracted with the following insurance providers for the various insurance coverages:

Type of Coverage	Deductible	Liability Limit
Building and Contents-replacement cost	\$1,000	\$17,551,600
Inland Marine Coverage	none	436,040
Electronic Equipment	\$100	233,214
Boiler and Machinery	1,000	8,200,000
Crime Insurance	none	2,500/10,000
Fleet Liability	none	2,000,000
Uninsured Motorists	none	12,500/25,000
General Liability:		
Per occurrence		1,000,000
Per year		5,000,000

Settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

*B. Workers' Compensation*

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 13). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating Districts is calculated as one experience and a common premium rate is applied to all Districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to Districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

*C. Employee Medical Benefits*

The District provides medical/surgical benefits and life insurance, accidental death and dismemberment insurance to its employees through the United Health Care, a fully funded program. The District has elected to provide employee dental insurance through Core Source, a fully funded program. The District provides life insurance and accidental death and dismemberment insurance to most employees through the Unum Insurance Company.

**Johnstown-Monroe Local School District**  
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**Note 9 - Defined Benefit Pension Plans**

**A. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan 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. The report may be obtained by writing to the State Teachers Retirement System, 275 E. 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; 10.5 percent was the portion used to fund pension obligations. Prior to July 1, 1998, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$458,424, \$433,369, and \$409,884, respectively; 80 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$93,346 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**B. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$101,652, \$107,930, and \$89,076, respectively; 40 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$75,065 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**C. Social Security**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 1999, three members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**Note 10 - Postemployment Benefits**

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly medicare premiums. Benefit provisions and the obligation 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.

**Johnstown-Monroe Local School District**  
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**A. State Teachers Retirement System**

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the 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. Through June 30, 1998, the Board allocated employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1998, this allocation was increased to 3.5 percent. For the District, this amount equaled \$114,606 during fiscal 1999.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,156 million at June 30, 1998. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 81,999 eligible benefit recipients.

**B. School Employees Retirement System**

SERS coverage is made available to service retirees with ten or more years of qualifying service credit, and 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 4.98 percent of covered payroll, an increase from 4.21 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. 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 125 percent of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million.

At June 30, 1998 SERS had net assets available for payment of health care benefits of \$146.4 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$60,397 during the 1999 fiscal year.

**Note 11 - Compensated Absences**

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	Amount
Sick Leave	\$ 546,958
Vacation	0
Total	\$ 546,958

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and

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administrators who are not on a twelve month contract do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days. Upon retirement, payment is made for one-half of accrued, but unused sick leave credit up to a maximum accumulation of 60 days for all employees.

**Note 12 - Long-Term Obligations**

Changes in long-term obligations of the District during fiscal year 1999, were as follows:

	Balance July 1, 1998	Additions	Deletions	Balance June 30, 1999
<u>General Long-Term Debt:</u>				
Capital Leases Payable	\$ 0	8,164	0	\$ 8,164
HB264 Energy Note	0	431,700	0	431,700
School Improvement Bond-1985 9.25%	600,000	0	75,000	525,000
School Improvement Bond-1995 4.95%	228,500	0	228,500	0
Total General Long-Term Debt	828,500	439,864	303,500	964,864
<u>Other General Long-Term Obligations:</u>				
Intergovernmental Payable	51,465	30,026	51,465	30,026
Compensated Absences Payable	481,777	546,958	481,777	546,958
Total Other General Long-Term Obligations	533,242	576,984	533,242	576,984
Total General Long-Term Debt and Other General Long-Term Obligations	<u>\$ 1,361,742</u>	<u>1,016,848</u>	<u>836,742</u>	<u>\$ 1,541,848</u>

*Auditorium Improvement General Obligation Bonds* - On February 1, 1985, the District issued \$1,500,000 in voted general obligation bonds for the purpose of an auditorium improvement. The bonds were issued for a twenty year period with final maturity at December 1, 2005.

*Building Improvement Bonds* - on June 20, 1995, the District issued bonds in the amount of \$914,000 for the purpose of building improvements for the District. The bonds were issued for a four fiscal year period with final maturity during fiscal year 1999.

*HB264 Energy Note* - on April 22, 1999, the District issued notes in the amount of \$431,700 for the purpose of purchasing and installing energy conservation methods for the District. The notes were issued for a fourteen year period with final maturity during fiscal year 2013.

The general obligation notes and bonds will be paid from the debt service fund. Intergovernmental payable and compensated absences will be paid from the fund from which the employees' salaries and benefits are paid.

The District's voted legal debt margin was \$10,646,776 with an unvoted debt margin of \$118,298 at June 30, 1999.

Principal and interest requirements to retire general obligation bonds outstanding at June 30, 1999, are as follows:

**Johnstown-Monroe Local School District**  
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Fiscal year ending June 30, 1999	General Obligation Bonds		
	Principal	Interest	Payment
FY2000	\$ 75,000	45,094	\$ 120,094
FY2001	75,000	38,156	113,156
FY2002	75,000	31,219	106,219
FY2003	75,000	24,281	99,281
FY2004	75,000	17,344	92,344
FY2005-2008	150,000	13,875	163,875
<b>Totals</b>	<b>\$ 525,000</b>	<b>169,969</b>	<b>\$ 694,969</b>

Principal and interest requirements to retire energy notes outstanding at June 30, 1999, are as follows:

Fiscal year ending June 30, 1999	HB264 Notes		
	Principal	Interest	Payment
FY2000	\$ 22,088	20,886	\$ 42,974
FY2001	23,184	19,790	42,974
FY2002	24,334	18,641	42,975
FY2003	25,541	17,434	42,975
FY2004	26,808	16,167	42,975
FY2005-2008	309,745	77,021	386,766
<b>Totals</b>	<b>\$ 431,700</b>	<b>169,939</b>	<b>\$ 601,639</b>

**Note 13 - Jointly Governed Organization and Public Entity Risk Pools**

**A. Jointly Governed Organization**

**Licking Area Computer Association** - The District is a participant among thirteen schools in a joint venture to operate the Licking Area Computer Association (LACA). 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 districts. LACA is governed by a board of directors consisting of one superintendent or his/her designee from each of the participating members. The district has an equity interest that is explicit and not measurable in that the joint venture agreement stipulates that the participants will share in net obligations or asset liquidations in a ratio proportionate to their last twelve months' financial contributions and likewise shall participate in proceeds from sale of assets upon liquidation. LACA is not accumulating significant financial resources and is not experiencing fiscal stress that may cause an additional financial benefit to or burden on members in the future. The Licking County Joint Vocational School District is the fiscal agent for LACA. Financial statements for LACA can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

**Licking County Joint Vocational School** - The Licking County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board of Education consisting of one representative from each of the nine participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial statements can be obtained from Licking County Joint Vocational School District administrative offices at 150 Price Road, Newark, Ohio 43055.

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**B. Public Entity Risk Pool**

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating Districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**Note 14 - Segment Information for Enterprise Funds**

The District maintains two Enterprise Funds to account for the operation of Food Services and Uniform School Supply Sales. Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, is as follows:

	Food Services Fund	Uniform School Supplies Fund	Total
Operating Revenues	\$ 139,627	38,058	\$ 177,685
Operating Expenses:			
Depreciation	(2,731)	0	(2,731)
Other Expenses	(231,166)	(33,092)	(264,258)
Total Operating Expenses	(233,897)	(33,092)	(266,989)
Operating Income (Loss)	(94,270)	4,966	(89,304)
Non Operating Revenues and			
Grants	33,914	0	33,914
Advances-In	0	7,500	7,500
Interest	2,071	0	2,071
Federal Commodities	11,712	0	11,712
Net Income (Loss)	\$ (46,573)	12,466	\$ (34,107)
Net Working Capital	\$ (1,628)	33,711	\$ 32,083
Encumbrances	\$ 1,364	5,545	\$ 6,909
Total Assets	\$ 98,124	33,803	\$ 131,927
Retained Earnings	\$ 37,257	33,711	\$ 70,968

**Note 15 - State School Funding Decision**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$2,985,317 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution.

**Johnstown-Monroe Local School District**  
*Notes to the General Purpose Financial Statements*  
*For the Fiscal Year Ended June 30, 1999*

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The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of this date, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**Note 16 - Contingencies**

**A. Grants**

The District received financial assistance from federal and state 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 adverse effect on the overall financial position of the District at June 30, 1999.

**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.

**Note 17 - Change in Accounting Principles**

The District has implemented GASB Statement No 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" for its deferred compensation plan through 1999. At June 30, 1999, the Ohio Public Employees Deferred Compensation Plan has established a trust created under new IRS regulations to maintain this money for the benefit of the participants; therefore, these monies will no longer be presented on the financial statements of the District. These funds had previously been reported on the balance sheet in the amount of \$39,034 as Funds on Deposit with Deferred Compensation Board and Deferred Compensation Payable.

**Johnstown-Monroe Local School District, Ohio**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 1999**

**NOTE 18 - Statutory Reserves**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During this fiscal year ended June 30, 1999, the reserve activity was as follows:

	<u>Textbook Acquisition</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Total</u>
<b>Set-aside Cash Balance as of June 30, 1998</b>	\$ 0	0	34,394	\$ 34,394
<b>Current Year Set-Aside Requirement</b>	92,345	92,345	51,436	236,126
<b>Current Year Offset</b>	0	0	0	0
<b>Qualifying Disbursements</b>	<u>(92,345)</u>	<u>(92,345)</u>	<u>0</u>	<u>(184,690)</u>
<b>Total</b>	<u>0</u>	<u>0</u>	<u>85,830</u>	<u>85,830</u>
<b>Cash Balance Carried Forward to Fiscal Year 2000</b>	<u>\$ 0</u>	<u>0</u>	<u>85,830</u>	
<b>Total Restricted Assets</b>				<u>\$ 85,830</u>

Johnstown-Monroe Local School District, Ohio  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

Note 19 - Restatement of fixed Assets

The District did not report the correct amount for fixed assets in the prior year due to incomplete asset reports. The District also made corrections to the fixed asset system. The effect of these additional assets and corrections for the year ended June 30, 1998 is as follows:

	General Fixed Assets <u>June 30, 1998</u>	<u>Restatement</u>	General Fixed Assets <u>June 30, 1998</u>
Land and Improvements	\$ 635,677	(445,534)	\$ 190,143
Buildings and Improvement	3,148,027	490,263	3,638,290
Furniture and Equipment	568,904	731,700	1,300,604
Vehicles	<u>480,031</u>	<u>61,795</u>	<u>541,826</u>
<b>Total General Fixed Assets</b>	<b><u>\$ 4,832,639</u></b>	<b><u>838,224</u></b>	<b><u>\$ 5,670,863</u></b>
	Proprietary Fixed Assets <u>June 30, 1998</u>	<u>Restatement</u>	Proprietary Fixed Assets <u>June 30, 1998</u>
Furniture and Equipment	\$ 94,647	4,445	\$ 99,092
Accumulated depreciation	(52,767)	(4,709)	(57,476)
<b>Net Fixed Assets</b>	<b><u>\$ 41,880</u></b>	<b><u>(264)</u></b>	<b><u>\$ 41,616</u></b>

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN  
AUDIT OF GENERAL PURPOSE FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Johnstown-Monroe Local School District  
Johnstown, Ohio

We have audited the general purpose financial statements of Johnstown-Monroe Local School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 29, 1999. We conducted our audit in accordance with generally accepted auditing standards 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 Johnstown-Monroe Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a few instances of noncompliance that we have reported to the district's management in a separate letter dated December 29, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Johnstown-Monroe Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned function. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a few matters involving internal control over financial reporting that we have reported to the district's management in a separate letter dated December 29, 1999.

This report is intended solely for the information and use of the Board of Education, the Auditor of State 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.

  
Zanesville, Ohio  
December 29, 1999

JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY  
JUNE 30, 1999

SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A-133 .505

**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 level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No

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

None

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**GENERAL COMMENTS**

**District personnel were cooperative and available for questions during regular work hours.**

**JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING COUNTY**

**CONCLUSION STATEMENT**

**The audit report, including citations and recommendations, was reviewed with and acknowledged by the following officials on April 19, 2000:**

**Sue Ward, Treasurer  
Chris Ciraky, Assistant to treasurer  
Jana McKee, Assistant to treasurer**

**These officials were informed that they had five working days from the date of the post audit conference to respond to, or contest, in writing, the report contents. The treasurer stated that she did not plan on providing such a response.**



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

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JOHNSTOWN-MONROE LOCAL SCHOOL DISTRICT  
LICKING 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.

By: Susan Babbitt

Date: MAY 16, 2000