



**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

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

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

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

As described in Note 20 to the general purpose financial statements, during the year ended June 30, 2001, the School District adopted Governmental Accounting Statement No. 33 and No. 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2002, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the financial statements taken as a whole.

Jim Petro
Auditor of State

February 28, 2002

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Green Local School District
 Combined Balance Sheet
 All Fund Types and Account Groups
 June 30, 2001

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
<u>Assets and Other Debits:</u>			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$673,207	\$249,510	\$40,243
Receivables:			
Taxes	1,972,998	0	0
Intergovernmental	0	142,424	0
Interfund	64,259	0	0
Materials and Supplies Inventory	9,909	0	0
Inventory Held for Resale	0	0	0
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	240,333	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0
Other Debits:			
Amount to be Provided from General Government Resources	0	0	0
Total Assets and Other Debits	\$2,960,706	\$391,934	\$40,243
 <u>Liabilities, Fund Equity and Other Credits:</u>			
Liabilities:			
Accounts Payable	\$48,966	\$9,800	\$0
Accrued Wages and Benefits Payable	369,208	57,919	0
Intergovernmental Payable	261,351	41,172	0
Interfund Payable	0	37,680	0
Undistributed Monies	0	0	0
Deferred Revenue	1,922,680	66,004	0
Compensated Absences Payable	0	0	0
Total Liabilities	2,602,205	212,575	0
 Fund Equity and Other Credits:			
Investment in General Fixed Assets	0	0	0
Retained Earnings:			
Unreserved (Deficit)	0	0	0
Fund Balance:			
Reserved for Encumbrances	99,504	22,555	5,019
Reserved for Inventory	9,909	0	0
Reserved for Property Taxes	50,318	0	0
Reserved for Textbooks	82,811	0	0
Reserved for Capital Improvements	94,056	0	0
Reserved for Bus Purchases	63,466	0	0
Unreserved (Deficit)	(41,563)	156,804	35,224
Total Fund Equity (Deficit) and Other Credits	358,501	179,359	40,243
Total Liabilities, Fund Equity and Other Credits	\$2,960,706	\$391,934	\$40,243

See Accompanying Notes to the General Purpose Financial Statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		Trust and Agency	General Fixed Assets	
Enterprise				
\$8,466	\$8,578	\$0	\$0	\$980,004
0	0	0	0	1,972,998
0	0	0	0	142,424
0	0	0	0	64,259
150	0	0	0	10,059
3,108	0	0	0	3,108
0	0	0	0	240,333
7,016	0	930,222	0	937,238
0	0	0	265,750	265,750
<u>\$18,740</u>	<u>\$8,578</u>	<u>\$930,222</u>	<u>\$265,750</u>	<u>\$4,616,173</u>
\$0	\$0	\$0	\$0	\$58,766
14,856	0	0	0	441,983
22,666	0	0	60,493	385,682
26,579	0	0	0	64,259
0	6,578	0	0	6,578
356	0	0	0	1,989,040
3,561	0	0	205,257	208,818
<u>68,018</u>	<u>6,578</u>	<u>0</u>	<u>265,750</u>	<u>3,155,126</u>
0	0	930,222	0	930,222
(49,278)	0	0	0	(49,278)
0	0	0	0	127,078
0	0	0	0	9,909
0	0	0	0	50,318
0	0	0	0	82,811
0	0	0	0	94,056
0	0	0	0	63,466
0	2,000	0	0	152,465
<u>(49,278)</u>	<u>2,000</u>	<u>930,222</u>	<u>0</u>	<u>1,461,047</u>
<u>\$18,740</u>	<u>\$8,578</u>	<u>\$930,222</u>	<u>\$265,750</u>	<u>\$4,616,173</u>

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Green Local School District
 Combined Statement of Revenues, Expenditures and Changes in Fund Balances
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property Taxes	\$1,934,967	\$0	\$0	\$0	\$0	\$1,934,967
Tuition and Fees	106	0	0	0	0	106
Interest	35,953	0	0	0	0	35,953
Intergovernmental	2,244,699	833,663	0	28,500	0	3,106,862
Extracurricular Activities	0	54,114	0	0	0	54,114
Gifts and Donations	0	3,953	0	0	2,000	5,953
Miscellaneous	58,763	259	0	0	0	59,022
Total Revenues	4,274,488	891,989	0	28,500	2,000	5,196,977
Expenditures:						
Current:						
Instruction:						
Regular	1,858,798	437,657	0	19,076	0	2,315,531
Special	265,333	281,716	0	0	0	547,049
Vocational	118,349	0	0	0	0	118,349
Adult/Continuing	0	0	0	0	1,000	1,000
Other	7,806	0	0	0	0	7,806
Support Services:						
Pupils	272,664	350	0	0	0	273,014
Instructional Staff	117,107	45,332	0	0	0	162,439
Board of Education	13,777	0	0	0	0	13,777
Administration	403,496	20,845	0	0	0	424,341
Fiscal	122,762	10,557	0	0	0	133,319
Operation and Maintenance of Plant	495,528	21,937	0	0	0	517,465
Pupil Transportation	359,452	0	0	0	0	359,452
Extracurricular Activities	31,915	44,159	0	0	0	76,074
Intergovernmental	0	35,000	0	0	0	35,000
Total Expenditures	4,066,987	897,553	0	19,076	1,000	4,984,616
Excess of Revenues Over (Under) Expenditures	207,501	(5,564)	0	9,424	1,000	212,361
Other Financing Sources (Uses):						
Operating Transfers - In	90,708	27,408	0	0	0	118,116
Operating Transfers - Out	(67,394)	0	(90,708)	0	0	(158,102)
Total Other Financing Sources (Uses)	23,314	27,408	(90,708)	0	0	(39,986)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	230,815	21,844	(90,708)	9,424	1,000	172,375
Fund Balance at Beginning of Year	120,502	157,515	90,708	30,819	1,000	400,544
Increase (Decrease) in Reserve for Inventory	7,184	0	0	0	0	7,184
Fund Balances at End of Year	\$358,501	\$179,359	\$0	\$40,243	\$2,000	\$580,103

See Accompanying Notes to the General Purpose Financial Statements

Green Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$1,924,277	\$1,923,580	(\$697)	\$0	\$0	\$0
Tuition and Fees	106	106	0	0	0	0
Interest	35,000	35,953	953	0	0	0
Intergovernmental	2,396,010	2,278,299	(117,711)	793,244	722,243	(71,001)
Extracurricular Activities	0	0	0	53,694	54,114	420
Gifts and Donations	0	0	0	2,084	3,953	1,869
Miscellaneous	62,423	42,123	(20,300)	129	129	0
Total Revenues	4,417,816	4,280,061	(137,755)	849,151	780,439	(68,712)
Expenditures:						
Current:						
Instruction:						
Regular	2,031,763	1,907,666	124,097	758,824	447,700	311,124
Special	294,097	272,924	21,173	334,163	276,505	57,658
Vocational	126,976	118,289	8,687	1,650	0	1,650
Adult / Continuing	0	0	0	0	0	0
Other	10,000	7,806	2,194	0	0	0
Support Services:						
Pupils	287,828	275,971	11,857	417	350	67
Instructional Staff	127,708	120,866	6,842	91,602	48,821	42,781
Board of Education	12,676	11,552	1,124	0	0	0
Administration	436,031	339,768	96,263	24,973	21,735	3,238
Fiscal	158,450	123,671	34,779	16,130	10,564	5,566
Operation and Maintenance of Plant	595,320	492,863	102,457	52,146	22,239	29,907
Pupil Transportation	425,701	365,258	60,443	0	0	0
Extracurricular Activities	34,971	31,866	3,105	51,630	46,203	5,427
Capital Outlay	8,100	0	8,100	0	0	0
Total Expenditures	4,549,621	4,068,500	481,121	1,331,535	874,117	457,418
Excess of Revenues Over (Under) Expenditures	(131,805)	211,561	343,366	(482,384)	(93,678)	388,706
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	33,053	16,813	(16,240)	130	130	0
Operating Transfers - In	80,605	90,708	10,103	38,398	27,408	(10,990)
Operating Transfers - Out	(37,134)	(67,394)	(30,260)	(9,371)	0	9,371
Advances - In	0	1,705	1,705	0	8,808	8,808
Advances - Out	0	(9,384)	(9,384)	0	(1,129)	1,129
Total Other Financing Sources (Uses)	76,524	32,448	(44,076)	29,157	35,217	6,060
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(55,281)	244,009	299,290	(453,227)	(58,461)	394,766
Fund Balances at Beginning of Year	262,480	262,480	0	217,672	217,672	0
Prior Year Encumbrances Appropriated	87,880	87,880	0	33,307	33,307	0
Fund Balances at End of Year	\$295,079	\$594,369	\$299,290	(\$202,248)	\$192,518	\$394,766

See Accompanying Notes to the General Purpose Financial Statements

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	\$28,500	28,500	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>28,500</u>	<u>28,500</u>	<u>0</u>
0	0	0	108,420	24,095	84,325
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>108,420</u>	<u>24,095</u>	<u>84,325</u>
<u>0</u>	<u>0</u>	<u>0</u>	<u>(79,920)</u>	<u>4,405</u>	<u>84,325</u>
0	0	0	0	0	0
0	0	0	0	0	0
(90,708)	(90,708)	0	0	0	0
0	0	0	0	0	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(90,708)	(90,708)	0	0	0	0
(90,708)	(90,708)	0	(79,920)	4,405	84,325
90,708	90,708	0	26,800	26,800	0
0	0	0	4,019	4,019	0
<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>(\$49,101)</u>	<u>\$35,224</u>	<u>\$84,325</u>

Green Local School District
 Combined Statement of Revenues, Expenditures and
 Changes in Fund Balances - Budget and Actual (Budget Basis)
 All Governmental Fund Types and Expendable Trust Fund
 For the Fiscal Year Ended June 30, 2001

	Expendable Trust			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	0	0	0	1,924,277	\$1,923,580	(\$697)
Tuition and Fees	0	0	0	106	106	0
Interest	0	0	0	35,000	35,953	953
Intergovernmental	\$0	0	0	3,217,754	3,029,042	(188,712)
Extracurricular Activities	0	0	0	53,694	54,114	420
Gifts and Donations	2,000	2,000	0	4,084	5,953	1,869
Miscellaneous	0	0	0	62,552	42,252	(20,300)
Total Revenues	2,000	2,000	0	5,297,467	5,091,000	(206,467)
Expenditures:						
Current:						
Instruction:						
Regular	0	0	0	2,899,007	2,379,461	519,546
Special	0	0	0	628,260	549,429	78,831
Vocational	1,120	1,000	120	129,746	119,289	10,457
Adult / Continuing	0	0	0	0	0	0
Other	0	0	0	10,000	7,806	2,194
Support Services:						
Pupils	0	0	0	288,245	276,321	11,924
Instructional Staff	0	0	0	219,310	169,687	49,623
Board of Education	0	0	0	12,676	11,552	1,124
Administration	0	0	0	461,004	361,503	99,501
Fiscal	0	0	0	174,580	134,235	40,345
Operation and Maintenance of Plant	0	0	0	647,466	515,102	132,364
Pupil Transportation	0	0	0	425,701	365,258	60,443
Extracurricular Activities	0	0	0	86,601	78,069	8,532
Capital Outlay	0	0	0	8,100	0	8,100
Total Expenditures	1,120	1,000	120	5,990,696	4,967,712	1,022,984
Excess of Revenues Over (Under) Expenditures	880	1,000	120	(693,229)	123,288	816,517
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	0	0	0	33,183	16,943	(16,240)
Operating Transfers - In	0	0	0	119,003	118,116	(887)
Operating Transfers - Out	0	0	0	(137,213)	(158,102)	(20,889)
Advances - In	0	0	0	0	10,513	10,513
Advances - Out	0	0	0	0	(10,513)	(10,513)
Total Other Financing Sources (Uses)	0	0	0	14,973	(23,043)	(38,016)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	880	1,000	120	(678,256)	100,245	778,501
Fund Balances at Beginning of Year	1,000	1,000	0	598,660	598,660	0
Prior Year Encumbrances Appropriated	0	0	0	125,206	125,206	0
Fund Balances at End of Year	\$1,880	\$2,000	\$120	45,610	\$824,111	\$778,501

See Accompanying Notes to the General Purpose Financial Statements

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Green Local School District
Statement of Revenues, Expenses and
Changes in Retained Earnings
Enterprise Fund
For the Fiscal Year Ended June 30, 2001

	Food Service
Operating Revenues:	
Sales	\$92,613
Other Revenues	83
Total Operating Revenues	92,696
Operating Expenses:	
Salaries and Wages	86,147
Fringe Benefits	72,940
Purchased Services	5,595
Supplies and Materials	1,219
Cost of Sales	77,559
Other	5,320
Depreciation	920
Total Operating Expenses	249,700
Operating Loss	(157,004)
Non-Operating Revenues:	
Federal and State Subsidies	99,806
Donated Commodities	14,196
Total Non-Operating Revenues	114,002
Loss Before Operating Transfers	(43,002)
Operating Transfers - In	39,986
Net Loss	(3,016)
Retained Earnings (Deficit) at Beginning of Year	(46,262)
Retained Earnings (Deficit) at End of Year	(\$49,278)

See Accompanying Notes to the General Purpose Financial Statements

Green Local School District
Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Enterprise Fund
For the Fiscal Year Ended June 30, 2001

	Food Service		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$97,711	\$92,613	(\$5,098)
Other	83	83	0
Federal and State Subsidies	104,687	99,806	(4,881)
Total Revenues	<u>202,481</u>	<u>192,502</u>	<u>(9,979)</u>
<u>Expenses:</u>			
Salaries and Wages	94,965	85,890	9,075
Fringe Benefits	71,576	70,457	1,119
Purchased Services	5,886	5,595	291
Materials and Supplies	76,359	66,372	9,987
Capital Outlay	1,344	0	1,344
Other	5,617	5,320	297
Total Expenses	<u>255,747</u>	<u>233,634</u>	<u>22,113</u>
Excess of Revenues Under Expenses	(53,266)	(41,132)	12,134
Operating Transfers - In	<u>59,625</u>	<u>39,986</u>	<u>(19,639)</u>
Excess of Revenues Under Expenses and Transfers	6,359	(1,146)	(7,505)
Fund Equity at Beginning of Year	1,146	1,146	0
Prior Year Encumbrances Appropriated	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$7,505</u></u>	<u><u>\$0</u></u>	<u><u>(\$7,505)</u></u>

See Accompanying Notes to the General Purpose Financial Statements

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Green Local School District
Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 2001

<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	<u>Food Service</u>
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$92,613
Cash Received from Other Operating Sources	83
Cash Payments to Suppliers for Goods and Services	(77,285)
Cash Payments to Employees for Services	(85,890)
Cash Payments for Employee Benefits	(68,980)
Net Cash Used for Operating Activities	<u>(139,459)</u>
 <u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	99,806
Operating Transfers	<u>39,986</u>
 Net Cash Provided by Noncapital Financing Activities	 <u>139,792</u>
 Net Decrease in Cash and Cash Equivalents	 333
 Cash and Cash Equivalents at Beginning of Year	 <u>8,133</u>
 Cash and Cash Equivalents at End of Year	 <u><u>\$8,466</u></u>
 <u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	(\$157,004)
 <u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	920
Donated Commodities Used During Year	14,196
Changes in Assets and Liabilities:	
Decrease in Interfund Payable	(2,289)
Increase in Inventory Held for Resale	(1,790)
Decrease in Accrued Wages and Benefits Payable	(2,744)
Increase in Intergovernmental Payable	8,208
Increase in Compensated Absences Payable	1,044
Net Cash Used for Operating Activities	<u><u>(\$139,459)</u></u>

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Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Green Local School District (the "School District") is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The School District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The School District provides educational services as authorized by State statute and/or federal guidelines.

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Scioto County, and includes all of Green Township. It is staffed by 33 non-certificated employees, 55 certificated full-time teaching personnel and 3 administrative employees who provide services to 719 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

Reporting Entity:

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

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

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

- Booster Organizations
- Parent Teacher Organization
- Village of Franklin Furnace

The School District is associated with four organizations, three of which are defined as jointly governed organizations, and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Scioto County Joint Vocational School, The Coalition of Rural and Appalachian Schools, and the Scioto County Regional Council of Governments. These organizations are present in Notes 15 and 16 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Types:

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

Enterprise Funds - Enterprise funds are used to account for School District activities 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.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The School District's fiduciary funds include an expendable trust fund and agency funds. Agency funds are purely custodial and thus 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 liabilities related to specific funds and those of a general nature, the following account groups are used:

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and 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 funds and non-expendable trust funds 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 (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 6.) Revenue from grants is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Budgetary allocations at the function and object level within all funds are made by the School District Treasurer.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Scioto County Budget Commission for rate determination.

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

Encumbrances:

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

Lapsing of Appropriations:

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

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

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

During fiscal year 2001, investments were limited to repurchase agreements. Nonparticipating investment contracts such as repurchase agreements of deposits are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$35,953.

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

E. Inventory

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

F. Prepaid Items

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

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 fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets. Assets in the general fixed assets account group are depreciated. Depreciation is computed using the straight line method over a useful life of fifty years for buildings, zero to fifty years for improvements, three to ten years for vehicles, and three to six years for textbooks. Depreciation of furniture and equipment in the proprietary fund type and General Fixed Asset Account Group is computed using the straight-line method over an estimated useful life of four to twenty years.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Interfund Assets/Liabilities

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

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees’ rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District’s past experience of making termination payments.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after ten years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from the governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have used current financial resources.

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

K. 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.

L. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks, bus purchases and capital acquisition. See Note 18 for additional information regarding set-asides.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, textbooks, capital improvements, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America, but not available for appropriation under State statute.

N. Estimates

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

O. 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 accounting principles generally accepted in the United States of America. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

NOTE 3 -ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2001, the Hearing Impaired, Title VI, and Drug Free Special Revenue Funds as well as the Food Service Enterprise Fund have deficit fund balances/retained earnings of \$5,246, \$1,769, \$78 and \$49,278, respectively, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

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

Fund Type/Fund	Excess
Special Revenue Fund:	
Hearing Impaired Fund	(\$45,040)
DPIA	(192,770)
Textbook Subsidy	(24,072)
Ohio Reads	(53,830)
Conflict	(4,086)
Title VI-B	(30,553)
Title VI	(3,933)

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance (Continued)

Fund Type/Fund	Excess
Capital Project Fund:	
School Net Fund	(\$53,121)

The Green Local School District will continue to monitor budgetary documentation in order to ensure that future violations will not occur.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School 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 and Actual (Budget Basis)-All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget.

The major differences between the budget basis and GAAP basis are that:

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. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

	Excess of Revenues and Other Financing Sources Over/Under Expenditures and Other Financing Uses All Governmental Fund Types and Expendable Trust Fund		
	General	Special Revenue	Capital Projects
GAAP Basis	\$230,815	\$21,844	\$9,424
Adjustments:			
Revenue Accruals	22,386	(111,420)	0
Expenditure Accruals	134,795	47,213	0
Encumbrances	(136,308)	(23,777)	(5,019)
Advances	(7,679)	7,679	0
Budget Basis	\$244,009	(\$58,461)	\$4,405

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING(Continued)

	Net Income (Loss)/Excess of Revenues Over (Under) Expenses and Advances Enterprise Fund
	Food Service
GAAP Basis:	(\$3,016)
Adjustments:	
Revenue Accruals	(14,196)
Expense Accruals	16,066
Budget Basis	(\$1,146)

There were no adjustments required for the Debt Service and Expendable Trust Funds as the budget basis and the GAAP basis were the same.

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS(Continued)

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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits At fiscal year end the carrying amount of the School District's deposits was \$91,956 and the bank balance was \$175,893. Of the bank balance \$100,000 was covered by federal depository insurance and \$75,893 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

	Category 3	Carrying/Fair Value
Repurchase Agreement	\$1,128,382	\$1,128,382

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/ Deposits	Investments
GASB Statement No. 9	\$1,220,338	\$0
Investments:		
Repurchase Agreement	(1,128,382)	1,128,382
GASB Statement No. 3	\$91,956	\$1,128,382

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

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

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

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - PROPERTY(Continued)

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

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$30,349,230	46.79%	\$31,016,400	47.76%
Public Utility	97,040	0.15%	87,310	0.13%
Tangible Personal Property	34,410,660	53.06%	33,843,920	52.11%
Total Assessed Value	\$64,856,930	100.00%	\$64,947,630	100.00%
Tax rate per \$1,000 of assessed valuation	\$25.47		\$25.47	

The School District receives property taxes from Scioto County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001 are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. 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 fiscal 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, 2001, was \$50,318 in the General Fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (membership, billing for user charged services, and student fees), interfund, 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 intergovernmental receivables follows:

	<u>Amounts</u>
<u>Special Revenue Funds:</u>	
Title I	\$ 76,420
Title VI	5,206
Drug Free	5,625
Eisenhower	4,684
Title VI-R	50,489
Total Intergovernmental Receivables	\$142,424

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$93,821
Less: Accumulated Depreciation	(86,805)
Net Fixed Assets	\$7,016

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$ 28,450	\$0	\$0	\$28,450
Building and Improvements	3,606,014	0	0	3,606,014
Furniture, Fixture and Equipment	800,938	102,500	10,750	892,688
Vehicles	403,353	0	0	403,353
Textbooks	386,043	42,473	0	428,516
Totals	\$5,224,798	\$144,973	\$10,750	\$5,359,021
Accumulated Depreciation				4,428,799
Total General Fixed Assets				\$930,222

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Insurance Company for liability insurance and property insurance and with Auto-Owners Insurance Company for fleet insurance

Coverages provided by these companies are as follows:

Building and Contents - replacement cost (\$250 deductible)	\$13,929,953
Inland Marine Coverage (\$100 deductible)	64,773
Boiler and Machinery (\$250 deductible)	No limit
Automobile Liability (\$100 deductible)	2,000,000
Uninsured Motorists (\$100 deductible)	500,000
Umbrella	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There has been no significant reduction of coverage from the prior year.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - RISK MANAGEMENT (Continued)

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 16), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turn pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

Workers' Compensation coverage is provided by the State of Ohio and is based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amounts, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$28,818, \$24,519, and \$36,647, respectively; 7 percent has been contributed for fiscal year 2001, and a 100 percent for fiscal years 2000 and 1999. \$26,696 representing the unpaid contribution for fiscal year 2001 is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$177,023, \$116,679, and \$97,770, respectively; 81 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$34,186 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, and after, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$76,465 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay was 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. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$94,747.

The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Eligible classified employees earn ten to twenty days of vacation per year, depending upon length of service. Teachers do not earn vacation time. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 205 days for all classified personnel and up to a maximum of 214 days for certified personnel. Upon retirement, payment is made for one-fourth of their accrued, but unused sick leave credit to a maximum of 51.25 for classified and 53.5 days for certified personnel.

B. Life Insurance

The School District provides life insurance to employees through CoreSource.

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 12 - EMPLOYEE BENEFITS (Continued)

C. Deferred Compensation

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 13 - LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Pension Obligation	\$ 34,303	\$60,493	\$34,303	\$ 60,493
Compensated Absences	113,353	91,904	0	205,257
Total General Long-Term Obligations	<u>\$147,656</u>	<u>\$152,397</u>	<u>\$34,303</u>	<u>\$265,750</u>

Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

Since the District no longer has any general obligation bond debt, the School District transferred the remaining balance of the Debt Service to the General Fund.

The School District's overall legal debt margin was \$5,845,287 with an unvoted debt margin of \$64,948 at June 30, 2001.

NOTE 14 - INTERFUND ACTIVITY

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

	Interfund Receivables	Interfund Payables
General Fund	\$64,259	\$0
Chapter 2	0	1,769
Title I	0	2,374
Hearing Impaired	0	434
Goals 2000	0	33,103
Total Special Revenue Funds	<u>0</u>	<u>37,680</u>
Enterprise Fund:		
Food Service	0	26,579
Total All Funds	<u>\$64,259</u>	<u>\$64,259</u>

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 15 -JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium, SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Jackson, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two school treasurers, plus one representative from the fiscal agent. The School District paid SCOCA \$1,950 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P.O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

Scioto County Joint Vocational School - The Scioto County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Scioto County Joint Vocation School, at P.O. Box 766, Lucasville, Ohio 45648.

Coalition of Rural and Appalachian Schools - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. During fiscal year 2001, the School District made no payments to the Coalition.

NOTE 16 -PUBLIC ENTITY SHARED RISK POOL

Scioto County Regional Council of Governments - The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The

School District pays premiums based on what the Council estimated will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

NOTE 17 - SCHOOL FUNDING COURT DECISION

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

- ◆ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ◆ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 17 - SCHOOL FUNDING COURT DECISION (Continued)

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts.

However, as of October 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 27, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school district that are used as the basis for determining the base cost support amount and that requirement that changes be made retroactive to July 1, 2001.

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

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

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

Senate Bill 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the following purposes:

- ◆ To offset a budget deficit
- ◆ For school facility construction, renovation or repair;
- ◆ For textbooks or instructional materials, including science equipment or laboratories;
- ◆ For the purchase of school buses; or
- ◆ For professional development of teachers.

BWC refunds or rebates received after April 10, 2001 are not required to be deposited into the school district's budget reserve.

The School District has elected to eliminate the Budget Stabilization Reserve and return it to the General Fund. The BWC rebate monies received prior to April 10, 2001 will be used for one or more of the listed purposes. The School District is required to demonstrate compliance with the restrictions of Senate Bill 345 for monies in the Budget Stabilization Reserve which represents BWC refunds and rebates received prior to April 10, 2001. The balance of the Budget Stabilization Reserve which does not represent BWC rebates or refunds will be used at the discretion of the School District.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$79,859	\$79,859	\$61,877
Current Year Set-aside Requirement	81,354	81,354	0
Qualifying Disbursements	(78,402)	(67,157)	0
Reduction in Budget Stabilization based on Statutory Revisions	0	0	(61,877)
Set-aside Reserve Balance as of June 30, 2001	\$82,811	\$94,056	\$0

Green Local School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 19 - CONTINGENCIES

Grants:

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

Litigation:

The School District is not currently party to any legal proceedings.

NOTE 20 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*, and GASB Statement No. 36, *Recipient Reporting for Certain Shared Nonexchange Revenues*. The implementation of GASB Statements No. 33 and 36 did not result in any prior period fund balance restatement.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 16,375	\$	\$ 14,196
School Breakfast Program	10.553	05-PU-00 05-PU-01	4,103 <u>19,240</u>		4,103 <u>19,240</u>	
Total School Breakfast Program			<u>23,343</u>	<u>0</u>	<u>23,343</u>	<u>0</u>
National School Lunch Program	10.555	LL-P1-00 LL-P4-00 LL-P1-01 LL-P4-01	8,294 1,705 49,874 <u>10,246</u>		8,294 1,705 49,874 <u>10,246</u>	
Total National School Lunch Program			<u>70,119</u>	<u>0</u>	<u>70,119</u>	<u>0</u>
Total Nutrition Cluster			<u>93,462</u>	<u>16,375</u>	<u>93,462</u>	<u>14,196</u>
Total United States Department of Agriculture			93,462	16,375	93,462	14,196
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed through the Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-S1-00 C1-S1-01	19,949 <u>200,276</u>		34,468 <u>203,779</u>	
Total Title I Grants to Local Educational Agencies			<u>220,225</u>	<u>0</u>	<u>238,247</u>	<u>0</u>
Special Education - Grants to States	84.027	6B-SF-99P 6B-SF-00P	34,219 <u>52,546</u>		42,004 <u>52,546</u>	
Total Special Education - Grants to States			<u>86,765</u>	<u>0</u>	<u>94,550</u>	<u>0</u>
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-00 DR-S1-01	5,625 <u>2,268</u>		7,836 <u>2,268</u>	
Total Safe and Drug-Free Schools and Communities - State Grants			<u>7,893</u>	<u>0</u>	<u>10,104</u>	<u>0</u>
Goals 2000 - State and Local Education Systemic Improvement Grants	84.276	G2-S1-99 G2-S1/S2-00 G2-S1/S2-01	4,050 14,000 <u>22,417</u>	0 0 <u>0</u>	58 0 <u>8,004</u>	0 0 <u>0</u>
Total Goals 2000 - State and Local Education Systemic Improvement Grants			<u>40,467</u>	<u>0</u>	<u>8,062</u>	<u>0</u>
Eisenhower Professional Development State Grants	84.281	MS-S1-99 MS-S1-00 MS-S1-01	5,171 <u>5,171</u>		6,749 1,762 <u>8,511</u>	
Total Eisenhower Professional Development State Grants			<u>5,171</u>	<u>0</u>	<u>8,511</u>	<u>0</u>
Innovative Education Program Strategies	84.298	C2-S1-99 C2-S1-00 C2-S1-01	668 <u>668</u>		200 1,648 <u>2,437</u>	
Total Innovative Education Program Strategies			<u>668</u>	<u>0</u>	<u>4,285</u>	<u>0</u>
Class Size Reduction	84.340	CR-S1-01	<u>11,195</u>		<u>14,298</u>	
Total United States Department of Education			<u>372,384</u>	<u>0</u>	<u>378,057</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$ 465,846</u>	<u>\$ 16,375</u>	<u>\$ 471,519</u>	<u>\$ 14,196</u>

The Notes to the Schedule of Federal Awards Receipts and Expenditures are an integral part of this Schedule.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Green Local School District, Scioto County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated February 28, 2002, wherein we noted the School District adopted Governmental Accounting Standards Board Statements 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings and Questioned Costs as items 2001-10773-001 through 2001-10773-010. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated February 28, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 2001-10773-008 through 2001-10773-012.

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

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. We believe reportable conditions 2001-10773-008 through 2001-10773-012 described above are material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated February 28, 2002.

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

Jim Petro
Auditor of State

February 28, 2002



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Green Local School District
Scioto County
4070 Gallia Pike
Franklin Furnace, Ohio 45629

To the Board of Education:

Compliance

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

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. However, the results of our auditing procedures disclosed an instance of noncompliance with those requirements, relating to nonmajor federal programs, that are required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying Schedule of Findings and Questioned Costs as items 2001-10773-013.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

February 28, 2002

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-001

Noncompliance Citation

Ohio Rev. Code Section 149.351(A) requires all records which are the property of the public office shall not be removed, destroyed, mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the records commissions provided under section 149.38 to 149.42 of the Ohio Rev. Code.

The Treasurer could not locate 9% of the purchase orders and 5% of the voucher packets requested for testing, although the system reports indicated purchase orders and vouchers were created for the items requested. Several budgetary documents had to be obtained from the County Auditor since original copies were not retained by the Treasurer. Also, documentation supporting parent involvement from the Title I Federal program could not be located, although the Title I review by the Ohio Department of Education indicated these records were available to them during their testing of the program.

We recommend the School District maintain all records unless the proper procedures have been followed and approvals have been obtained to allow such records to be removed, destroyed, mutilated or transferred.

FINDING 2001-10773-002

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states, in part, that money paid into any fund shall be used for the purposes for which such fund was established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund

Throughout the year we noted negative fund balances in the following funds, indicating that money from one fund was used to cover the deficit balances in these funds:

Fund Name	Highest Negative Balance During the Year
Special Revenue Funds: 447 - DPIA	(\$13,225)
572 - Title I	(\$83,955)
573 - Title VI	(\$1,769)
Enterprise Fund: 006 - Food Service	(\$80,162)

We recommend that the School District advance money from the General Fund and/or request more timely draw-downs or reimbursement requests in grant funds to avoid a negative fund balance.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-003

Noncompliance Citation

Ohio Rev. Code Section 5705.14 states that transfers may be made from the General Fund to any other fund of the subdivision only by resolution of the taxing authority. In addition, the unexpended balance in any special fund, other than an improvement fund, may be transferred to the General Fund after the termination of the activity, service, or other undertaking for which such special fund existed, but only after the payment of all obligations incurred and payable from such special fund.

The School District made transfers during the fiscal year from the General Fund which were not approved by an affirmative vote of the Board. In addition, several transfers were made from Special Revenue Funds to the General Fund that were not allowable transfers. On further review of the transfers from the Special Revenue Funds, it was noted that some of these transfers should have been posted as expenditures in the Special Revenue Funds and as a reduction of expenditures in the General Fund for posting errors throughout the year. The other transfers were not allowable and were not supported and therefore should be returned to the Special Revenue Funds. The audited financial statements have been adjusted to correct the posting of the Special Revenue transfers.

We recommend the School District only transfer funds from the General Fund by Board Resolution. Further, we recommend School District make only those transfers allowable per the Ohio Revised Code.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-004

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows School Districts to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be less than the amount in the official certificate of estimate resources. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

At June 30, 2001, appropriations exceeded actual available resources in the following funds:

Fund	Actual Resources	Total Appropriations	Dollar Variance	Percent Variance
Special Revenue Hearing Impaired(014)	\$57,551	\$129,702	(\$72,151)	-56%
DPIA (447)	\$309,814	\$502,383	(\$192,569)	-38%
Textbook Subsidy (455)	\$0	\$24,072	(\$24,072)	-100%
Ohio Reads (459)	\$64,010	\$87,830	(\$23,820)	-27%
Title I (572)	\$283,550	\$301,779	(\$18,229)	-6%
Title VI (573)	\$4,285	\$6,449	(\$2,164)	-34%
Capital Projects School Net Plus (450)	\$55,299	\$104,400	(\$49,101)	-47%
Enterprise (006)	\$233,633	\$255,746	(\$22,113)	-9%

We recommend that the Treasurer monitor estimated versus actual receipts throughout the year and obtain a reduced certificate of estimated resources, and correspondingly reduce the appropriations when it becomes apparent that actual resources will be significantly less than estimated resources.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-005

Noncompliance Citation

Ohio Rev Code Section 5705.39 states that the total appropriations from each fund should not exceed the total estimated resources.

At June 30, 2001, total appropriations exceeded estimated resources in the following funds:

Fund	Estimated Resources	Total Appropriations	Dollar Variance	Percent Variance
Special Revenue Hearing Impaired(014)	\$84,662	\$129,702	(\$45,040)	-35%
DPIA (447)	\$309,613	\$502,383	(\$192,770)	-38%
Textbook Subsidy (455)	\$0	\$24,072	(\$24,072)	-100%
Ohio Reads (459)	\$34,000	\$87,830	(\$53,830)	-61%
Conflict (499)	\$0	\$4,086	(\$4,086)	-100%
Title VI-B (516)	\$122,264	\$152,817	(\$30,553)	-20%
Title VI (573)	\$2,516	\$6,449	(\$3,933)	-61%
Capital Projects School Net Plus (450)	\$55,299	\$104,400	(\$49,101)	-47%

We recommend that the Treasurer monitor estimated resources versus appropriations to ensure that appropriated amounts are within the amount of estimated resources.

FINDING 2001-10773-006

Noncompliance Citation

Ohio Rev. Code Section 5705.391(B) requires the school district to prepare five year projections and related assumptions of revenues and expenditure as part of the spending plans. The plan is to be updated whenever actual revenues or expenditures deviate from the projections by 5% or more.

The School District did not update the five year plan when actual revenues and expenditures exceeded the projection by 5% or more. Further the assumptions attached to the projections were vague and did not adequately describe how the subsequent year projections were developed.

We recommend that the School District update the five year projections of revenues and expenditures when it is apparent that actual revenues or expenditures will deviate from the projections by 5% or more. We further recommend that the School District explain assumptions in sufficient detail to determine if the assumptions are reasonable.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-007

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states no subdivision or taxing unit is to expend money unless it has been appropriated.

At April 30, 2001 we noted actual expenditures exceeding appropriations in funds 432 - EMIS by 31%, 516 - Title VI-B by 49%, 573 - Title VI by 81% and 599 - Performance Incentive Grant by 76%. At June 30, 2001 we noted expenditures exceeded appropriations in fund 514 - EESA/NDEA by 53% and fund 584 - Drug Free Grant by 28%.

The Treasurer should deny payment requests exceeding appropriations. The Treasurer may request the Board to approve increased expenditure levels by increasing appropriations and amending estimated resources, if necessary.

FINDING 2001-10773-008

Noncompliance Citation, Material Weakness

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

The following exceptions to this basic requirement are provided by statute:

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

Amounts of less than \$1,000 may be paid by the fiscal officer without such affirmation of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

Of the obligations tested 50% were incurred prior to the date of the certification and no "Then and Now Certificate" was obtained. This could cause the School District to incur obligations for which funds were not available.

We recommend that funds be properly encumbered prior to incurring an obligation, and that any expenditures incurred prior to being encumbered be addressed as stated in the above exceptions.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-009

Noncompliance Citation, Material Weakness

Ohio Rev. Code Sections 3307.291 and 3309.57 in regards to the State Teachers Retirement System (STRS) and School Employees Retirement System (SERS), respectively, require that the employing government withhold from the employees' wages or pay on behalf of the employees, a certain percentage of earned wages as defined and to pay over to the appropriate system the amounts withheld, matched with an appropriate percentage of employer matching contributions.

During the fiscal year, \$34,067 was withheld from employees' wages for their SERS contribution and \$17,791 was withheld from employees' wages for the STRS contribution and deposited into the payroll clearing account. However, this amount was not transmitted to the appropriate retirement system until February 2002. This could result in late penalties and did result in cumbersome reconciliations.

We recommend that employee retirement system contribution payments be promptly submitted to the appropriate retirement system upon completion of the School District's payroll.

FINDING 2001-10773-010

Noncompliance Citation, Material Weakness

Internal Revenue Code (IRC) Chapter 26 (26 U.S.C.) Section 3402 requires the employing government to withhold Federal and employment-related taxes (such as Medicare). Section 3404 further requires the government report those tax matters to the appropriate tax authorities and to the recipients.

During the period under audit, \$172,683 was withheld from employee wages and deposited into the payroll clearing account, however, this amount was not transmitted to the Federal government. The School District transmitted all of these funds to the Federal government in February 2002. This could result in late penalties and did result in cumbersome reconciliations.

We recommend that Federal tax payments be promptly submitted to the Federal government upon completion of the School District's payroll. This matter is being referred to the Internal Revenue Service.

FINDING 2001-10773-011

Material Weakness

Bank Reconciliations

Monthly reconciliations of the ending bank account balance to the District's ending book balance were not properly performed by the Treasurer. These reconciliations were not accurate in the following manner:

- The outstanding check list included several checks which have been outstanding for many years. There were also outstanding checks which should have been voided since the Treasurer had already added the balance of those checks back to the funds from which they were originally posted.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-011 (Continued)

Material Weakness (Continued)

Bank Reconciliations (Continued)

- There were instances of checks clearing for a different amount than posted to the School District's records and instances of checks clearing the bank that were not posted to the School District's records at all. There were also bank charges that were not posted to the School District's records.
- There were instances of bank deposits that were not posted to the School District's records and instances where deposits were for more than was posted.
- There were lump sum adjustments made by the Treasurer ranging in amounts from \$372 to \$10,390 in order to reconcile the School District's book balance to the bank balance. Although these adjustments contained no support for why they were being made, they were used to reconcile due to the errors caused by the items mentioned in the previous bullets.
- In addition, we found that the payroll account is now part of the Sweep Account and the payroll account balance sweeps to zero each day. Therefore, the payroll checks are now a factor in the overall School District reconciliation. Outstanding payroll checks need to be included with outstanding budgetary checks when performing the bank reconciliation, but an accurate outstanding check list was not maintained for payroll checks. There were checks included on the list that had already cleared the bank and there were checks removed from the list that had not cleared the bank. In addition, there were manual payroll checks written that were not posted to the School District's records. Lastly, there were checks written from the operating account to replace those written from the payroll account, but the payroll account checks were not voided. These items have resulted in a difference of \$1,219 in the outstanding payroll check list and the bank balance that could not be located (the bank has more funds than shown on School District's records).

We recommend the Treasurer perform accurate reconciliations of the School District's bank accounts on a monthly basis and correct the current variance in the School District's records and the bank operating account. Any reconciling items should be documented and investigated to prevent unsupported adjustments from being recorded. Also, we recommend the Treasurer maintain accurate outstanding check lists for both the operating account and the payroll account to support the outstanding check amount on the cash reconciliation and determine the amount of the variance between the bank and the School District's payroll outstanding check list. We recommend the Treasurer follow up on any long outstanding checks or deposits in transit. Further, we recommend the Treasurer write all checks from the system so that all checks are automatically posted and if a manual check is necessary, it should be recorded to the system immediately. Also, if a new check is issued, the original check should be voided and if the original check is from the payroll account, the replacement check should also be written from the payroll account. Finally, we recommend the Board review the bank reconciliation, along with the supporting outstanding check lists and outstanding deposit in transit list, each month and that the Board Members initial the reconciliation indicating their review.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING 2001-10773-012

Material Weakness

Budgetary

Budgeted receipts posted to the School District's records should agree to the original or amended certificate of estimated resources filed with the County Auditor. Budgeted appropriations posted to the School District's records should agree to the permanent appropriation amounts approved by the Board of Education and filed with the County Auditor. The School District records did not show any budgeted revenue until an amendment was made in May 2001 even though the original certificate of estimated resources was filed with the County Auditor in July 2000. The School District records also did not show the correct appropriation amounts as approved by the Board and submitted to the County until an appropriation amendment was approved in May 2001. This allowed the School District to overspend and/or over appropriate in certain funds. Further, this makes it impossible to do a budget vs. actual revenue or budget vs. actual expenditure comparison.

We recommend that the Treasurer post budgeted receipts according to the original certificate of estimated resources filed with the County Auditor and amend those amounts only when an amended certificate is obtained. We also recommend the Treasurer post appropriations according to the appropriation measure approved by the Board of Education and filed with the County Auditor and amend those amounts only when appropriation amendments are approved by the Board of Education and filed with the County Auditor. Furthermore, we recommend the School District utilize the budgeted revenue and appropriation information posted to the School District's records to perform budget vs. actual comparisons to monitor budgeted activity.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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1. Activities Allowed or Unallowed

Finding Number	2001-10773-013
CFDA Title and Number	Special Education - Grants to States/84.027
Federal Award Number/Year	6B-SF-99P, 6B-SF-00P
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Noncompliance Citation/Questioned Cost

20 U.S. C. Section 1413(a)(2) and Section 613 (a)(2) of Pub. L. 105-17 states a Local Education Agency may use Federal funds under the Individuals with Disabilities Education Act (IDEA), Part B, known as Title VI-B in Ohio, for the costs of providing special education and related services to children with disabilities. Supporting documentation must be maintained for all expenditures to ensure that the expenditures are for an activity allowed under the grant agreement.

A transfer of \$93,177.52 was made from the Title VI-B Fund to the General Fund without supporting documentation or approval by the Board of Education. This transfer was reclassified to an expenditure in the Title VI-B Fund and a reduction of expenditures in the General Fund in the audited financial statements since this transfer is unallowable per Ohio Rev. Code Section 5705.14. The School District was able to find supporting documentation in the amount of \$77,946.12 for Title VI-B teachers salaries mistakenly paid from the General Fund. The unsupported amount is \$15,231.40 which is considered a questioned cost.

We recommend the School District record all Title VI-B transactions to the Title VI-B Fund. Furthermore, we recommend supporting documentation be maintained for any adjustments made to Title VI-B expenditures.

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

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

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; Finding no Longer Valid
2000-10773-001	A noncompliance of Ohio Rev. Code Sections 3307.291 and 3309.57 concerning remittance of employee share of SERS and STRS withholdings	No	Not Corrected: Reissued as a noncompliance matter in this audit as finding number 2001-10773-009.
2000-10773-002	A noncompliance of Ohio Rev. Code Section 5705.39 concerning appropriations exceeding estimated resources	No	Not Corrected: Reissued as a noncompliance matter in this audit as finding number 2001-10773-005.
2000-10773-003	A noncompliance of Ohio Rev. Code Section 5705.41(B) concerning expenditures exceeding appropriations	No	Not Corrected: Reissued as a noncompliance matter in this audit as finding number 2001-10773-007.
2000-10773-004	A noncompliance of Internal Revenue Code Chapter 26 Section 3402 concerning remittance of employee federal tax and medicare withholdings	No	Not Corrected: Reissued as a noncompliance matter in this audit as finding number 2001-10773-010.
2000-10773-005	A material weakness concerning the School District not reconciling the payroll account	No	Not Corrected: Reissued as a material weakness in conjunction with the material weakness to reconcile the operating account as finding number 2001-10773-011.
2000-10773-006	A material weakness concerning the School District not reconciling the operating account	No	Not Corrected: Reissued as a material weakness as finding number 2001-10773-011.

GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY

CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
JUNE 30, 2001

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10773-001	All required documents will now be maintained by the newly appointed Treasurer and/or Superintendent.	Implemented with start date of new Treasurer, January 11, 2002	John M. Walsh, Treasurer Frank Barnett, Superintendent
2001-10773-002	Treasurer will file timely requests for funds or requests for reimbursement from grantor agencies. Additionally, all transfers will be taken to the Board for approval.	The Treasurer, grant coordinator, and Superintendent will attempt to straighten out all grants and be on schedule for timely drawdowns/reimbursement request by FY 2003. All transfers will be taken to the Board starting February 1, 2002.	John M. Walsh, Treasurer Frank Barnett, Superintendent Mark Cornwell, Principal- Elementary/Primary Grant Coordinators
2001-10773-003	Treasurer will only make transfers that are allowable by law and these transfers will be taken to the Board for approval.	All transfers will be taken to the Board starting February 1, 2002.	John M. Walsh, Treasurer Frank Barnett, Superintendent
2001-10773-004	Treasurer will monitor actual versus estimated receipts and file appropriate documents when significant variances materialize.	Every effort will be made to monitor this during the remaining time in FY 02. FY 03 is a more realistic goal for this variance analysis.	John M. Walsh, Treasurer
2001-10773-005	Treasurer will monitor appropriations as compared to estimated resources ensuring that total appropriations do not exceed estimated resources.	Every effort will be made to monitor this during the remaining time in FY 02. FY 03 is a more realistic goal for this variance analysis.	John M. Walsh, Treasurer

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
JUNE 30, 2001
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10773-006	The Treasurer will work with the Superintendent to develop a realistic five year forecast to use as a planning tool for the district. Methodologies and assumptions will be provided as backup for the plan. Updates will be made when needed.	The five year forecast will be submitted by the required deadlines or when found appropriate by changes in the School District.	John M. Walsh, Treasurer Frank Barnett, Superintendent
2001-10773-007	Treasurer will monitor expenditures in relation to appropriations and the Treasurer will file the necessary documents when needed.	Every effort will be made to monitor this during the remaining time in FY 02. FY 03 is a more realistic goal for this variance analysis.	John M. Walsh, Treasurer
2001-10773-008	The Treasurer with cooperation from the Superintendent and building administrators has instituted a new requisition/purchase order form to better control the purchases of the School District. Emphasis has been placed on 'approval before purchase'.	This plan will go into effect February 1, 2002.	John M. Walsh, Treasurer Frank Barnett, Superintendent Joseph Rase, High School Principal Mark Cornwell, Principal- Elementary/Primary Grants Coordinator

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
JUNE 30, 2001
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10773-009	The Treasurer will ensure that the employee deductions for STRS and SERS will be paid according to the requirements set-forth by the respective retirement organizations.	This plan will go into effect as soon as possible.	John M. Walsh, Treasurer
2001-10773-010	The Treasurer will make the Federal tax payments promptly by using the ACH system following each payroll.	This plan will go into effect as soon as possible.	John M. Walsh, Treasurer
2001-10773-011	The Treasurer will perform a 'bank-to-book' reconciliation monthly and provide the necessary detailed backup to support such reconciliation.	This will start with the January 2002 reconciliation. Note that a clean reconciliation may not occur for some time due to activity prior to the month of January 2002.	John M. Walsh Treasurer
2001-10773-012	The Treasurer will maintain a paper backup of School District budgetary receipts. These receipts will be posted at their gross amounts and will be posted according to the original certificate of estimated resources.	This plan will go into effect as soon as possible. Note that posting of receipts prior to January 2002 will need to be reviewed and corrected as time remaining in FY 02 permits.	John M. Walsh, Treasurer Frank Barnett, Superintendent

**GREEN LOCAL SCHOOL DISTRICT
SCIOTO COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
JUNE 30, 2001
(Continued)**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10773-013	The Treasurer will record transactions to the appropriate funds and will maintain documentation to support the fund activity. Furthermore, the timelines on the grants will be followed.	This plan will go into effect as soon as possible. Note that posting of receipts and the corresponding expenditures prior to January 2002 will need to be reviewed and corrected as time remaining in FY 02 permits.	John M. Walsh, Treasurer Frank Barnett, Superintendent Mark Cornwell, Principal- Elementary/Primary Grants Coordinator



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OFFICE OF THE AUDITOR

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GREEN LOCAL SCHOOL DISTRICT

SCIOTO COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
APRIL 2, 2002**