



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

Greenville City School District  
Darke County  
St. Clair Memorial Hall  
215 W. Fourth Street  
Greenville, Ohio 45331

To the Board of Education:

We have audited the accompanying basic financial statements of the Greenville City School District (the School District), Darke County, as of and for the year ended June 30, 2001, as listed in the table of contents. These financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these 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 basic financial statements referred to above present fairly, in all material respects, the financial position of the Greenville City School District, Darke County, as of June 30, 2001, and the results of its operations for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2001, the School District changed its method of reporting from the cash basis of accounting to the reporting in accordance with accounting principles generally accepted in the United States of America and adopted Governmental Accounting Standards Board Statements 33, 34, 36, 37, 38 and Interpretation 6.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 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.

Management's Discussion and Analysis is not a required part of the basic financial statements, but is supplementary information the Governmental Accounting Standards Board requires. We applied limited procedures, consisting principally of inquiries of management regarding the methods of measurement and presentation of the supplementary information. We did not audit the information and express no opinion thereon.

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

**Jim Petro**  
Auditor of State

March 14, 2002

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

The discussion and analysis of Greenville City School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2001. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

**Financial Highlights**

Key financial highlights for 2001 are as follows:

- In total, net assets increased \$2,345,626, which represents a 17.52 percent increase from 2000.
- General revenues accounted for \$20,946,157 in revenue or 81 percent of all revenues. Program specific revenues in the form of charges for services, operating grants and contributions, and capital grants and contributions accounted for \$5,064,580 or 19 percent of total revenues of \$26,010,737.
- Total assets of governmental activities increased by \$1,830,422 as cash and cash equivalents increased by \$1,242,683, receivables increased by \$48,690 and capital assets increased by \$524,092.
- The School District had \$23,665,111 in expenses; only \$5,064,580 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes) of \$20,946,157 were adequate to provide for these programs.
- Among major funds, the general fund had \$22,159,151 in revenues and \$20,247,096 in expenditures. The general fund's balance increased \$505,274 over 2000. This increase has been anticipated as a continuing trend in the School District. During the period of these financial statements an increase to unrestricted grants-in-aid led to an overall increase to the financial health of the School District. In accordance with the School District's desire to anticipate a need for new buildings the Board of Education transferred \$1,250,000 into the Building Capital Projects Fund at the close of the fiscal year. The Board passed a resolution to place into the fund from general operations, 5% of the operational revenues of the School District each year. The intent of this reallocation of funds is to lessen the impact of any future bond levies to be used for new facilities within the School District.

**Using this General Accepted Accounting Principals Report (GAAP)**

This annual report consists of a series of financial statements and notes to those statements. These statements are organized so the reader can understand Greenville City School District as a financial whole, an entire operating entity. The statements then proceed to provide an increasingly detailed look at specific financial activities.

The Statement of Net Assets and Statement of Activities provide information about the activities of the whole School District, presenting both an aggregate view of the School District's finances and a longer-term view of those finances. Fund financial statements provide the next level of detail. For governmental funds, these statements tell how services were financed in the short-term as well as what remains for future spending. The fund financial statements also look at the School District's most significant funds with all other nonmajor funds presented in total in one column. In the case of Greenville City School District, the general fund is by far the most significant fund.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**Reporting the School District as a Whole**

**Statement of Net Assets and the Statement of Activities**

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2001?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the School District's net assets and changes in those assets. This change in net assets is important because it tells the reader that, for the School District as a whole, the financial position of the School District has improved or diminished. The causes of this change may be the result of many factors, some financial, and some not. Non-financial factors include the School District's property tax base, current property tax laws in Ohio restricting revenue growth, facility condition, required educational programs and other factors.

In the Statement of Net Assets and the Statement of Activities, the School District reports governmental activities. Governmental activities are the activities where most of the School District's programs and services are reported including, but not limited to, instruction, support services, operation and maintenance of plant, pupil transportation and extracurricular activities. The School District does not have any business like activities.

**Reporting the School District's Most Significant Funds**

**Fund Financial Statements**

The analysis of the School District's major funds begins on page 8. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the building capital projects fund.

**Governmental Funds**

Most of the School District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in the future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and all other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the School District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance educational programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Assets and the Statement of Activities) and governmental funds is reconciled in the financial statements.



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**The School District as a Whole**

Recall that the Statement of Net Assets provides the perspective of the School District as a whole.

Table 1 provides a summary of the School District's net assets for 2001 compared to 2000:

Table 1  
Net Assets

	2000	2001
<b>Assets</b>		
Current and Other Assets	\$20,551,159	\$21,857,489
Capital Assets	6,132,194	6,656,286
Total Assets	26,683,353	28,513,775
<b>Liabilities</b>		
Long-Term Liabilities	1,236,849	1,335,357
Other Liabilities	12,059,146	11,445,434
Total Liabilities	13,295,995	12,780,791
<b>Net Assets</b>		
Invested in Capital Assets, Net of Debt	6,039,290	6,641,286
Restricted	2,791,151	4,102,363
Unrestricted	4,556,917	4,989,335
Total Net Assets	\$13,387,358	\$15,732,984

Total assets of governmental activities increased by \$1,830,422 as cash and cash equivalents increased by \$1,242,683, receivables increased by \$48,690 and capital assets increased by \$524,092. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District increased by \$432,418.

Table 2 shows the changes in net assets for fiscal year 2000 and 2001. Since this is the first year the School District has prepared financial statements following GASB Statement 34, revenue and expense comparisons to fiscal year 2000 are not available. In future years, when prior-year information is available, a comparative analysis of district-wide data will be presented.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

Table 2  
Changes in Net Assets

	2001
<b>Revenues</b>	
Program Revenues:	
Charges for Services	\$1,530,867
Operating Grants and Contributions	3,417,850
Capital Grants and Contributions	115,863
Total Program Revenues	5,064,580
General Revenues:	
Property Taxes	9,589,069
Income Taxes	1,857,245
Grants and Entitlements	8,488,222
Other	1,011,621
Total General Revenues	20,946,157
Total Revenues	26,010,737
<b>Program Expenses</b>	
Instruction	14,585,566
Support Services:	
Pupils and Instructional Staff	2,264,468
Board of Education, Administration, Fiscal and Business	2,887,154
Operation and Maintenance of Plant	1,278,042
Pupil Transportation	893,372
Central	158,515
Operation of Non-Instructional Services	997,991
Extracurricular Activities	597,444
Interest and Fiscal Charges	2,559
Total Expenses	23,665,111
Increase in Net Assets	\$2,345,626

**Governmental Activities**

The unique nature of property and income taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property and income taxes made up 37 percent and 7 percent, respectively, of revenues for governmental activities for the Greenville City School District for fiscal year 2001.

The School District voters renewed a five and one-half mill operating levy originally voted upon in March, 1996 which was scheduled for renewal in May of 2001. This levy at 5.5 mills has devalued to an effective rate of 3.22 mills for commercial and industrial property. This is attributed to the rollback factors under House Bill 920, which literally eliminates inflation from real property valuations. The 5.5 mill levy no longer generates additional revenue for agricultural and residential property due to this same legislation. The levy does however generate approximately \$800,000 in property tax revenue per year which is helping sustain the School District. The voters also renewed a 2.0 mill permanent improvement levy in May of 1999 which generates in excess of \$550,000 in property tax revenue per year. These monies funded the new restroom and athletic facilities project at the high school done during fiscal year 2001. Prior to June 30, 2001, the

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

School District entered into contractual commitments using these same funds to build a new vocational career technical building as an addition to the high school facilities. This levy expires in 2003.

Instruction comprises 62 percent of district expenses. Support services expenses make up 32 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements. Comparisons to 2000 have not been made because they are not available.

Table 3

	Total Cost of Services 2001	Net Cost of Services 2001
Instruction	\$14,585,566	\$12,046,022
Support Services:		
Pupils and Instructional Staff	2,264,468	1,797,008
Board of Education, Administration Fiscal and Business	2,887,154	2,742,586
Operation and Maintenance of Plant	1,278,042	1,255,702
Pupil Transportation	893,372	297,137
Central	158,515	133,574
Operation of Non-Instructional Services	997,991	26,775
Extracurricular Activities	597,444	299,168
Interest and Fiscal Charges	2,559	2,559
<b>Total Expenses</b>	<b>\$23,665,111</b>	<b>\$18,600,531</b>

Instruction expenses include activities directly dealing with the teaching of pupils and the interaction between teacher and pupil.

Pupils and instructional staff include the activities involved with assisting staff with the content and process of teaching to pupils.

Board of education, administration, fiscal and business includes expenses associated with administrative and financial supervision of the district.

Operation and maintenance of plant activities involve keeping the school grounds, buildings, and equipment in an effective working condition.

Central includes expenses related to planning, research, development and evaluation of support services, as well as the reporting of this information internally and to the public.

Pupil transportation includes activities involved with the conveyance of students to and from school, as well as to and from school activities, as provided by state law.

Operation of non-instructional services includes the preparation, delivery, and servicing of lunches, snacks and other incidental meals to students and school staff in connection with school activities.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

Extracurricular activities includes expense related to student activities provided by the School District which are designed to provide opportunities for pupils to participate in school events, public events, or a combination of these for the purposes of motivation, enjoyment and skill improvement.

Interest and fiscal charges involves the transactions associated with the payment of interest and other related charges to debt of the School District.

The dependence upon tax revenues is apparent. Over 83 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 79 percent. The community, as a whole, is the primary support for the Greenville City School District.

**The School District's Funds**

Information about the School District's major funds starts on page 14. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$25,614,819 and expenditures of \$24,017,652. The net change in fund balance for the year was significant in the general fund and the building capital projects fund which had an increase of \$505,274 and an increase of \$1,184,296, respectively.

The net change in fund balance was caused in the general fund by reductions in liabilities of the School District, predominantly by a reduction in deferred revenue and a large payment of compensated absences within the school year of 2001. The Building Capital Improvements Fund had total transfers of \$1,250,000 from the general fund. A transfer of \$1,200,000 was made in order to meet the Board of Education's desire to fund future building projects as previously discussed. The transfer of \$50,000 was made for a land purchase. These transfers account for the significant increase to the Building Capital Improvements Fund.

**General Fund Budgeting Highlights**

The School District's budget is prepared according to Ohio law and is based on accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the general fund.

During the course of the fiscal 2001 year, the School District amended its general fund budget numerous times, which resulted in appropriations increasing \$2,338,071, an 11 percent increase. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

The Administration and Board of Education have made additional dollars available in many categories in order to better facilitate the educational needs of the School District as they arise. With the School District's tight internal controls, additional monies are appropriated in order to allow those individuals in charge to be creative with their educational needs. The School District has a basic belief it prepares to operate in the best manner to meet the needs of those who are being educated. In order to do so, appropriations are made in excess of our required funds in case students move into our School District requiring more educational workforce, be it teaching staff, aid or support staff. It is our goal to allow funds to fully compliment the educational structure but do so in an effective and efficient manner. In times where balances are increasing from year to year, it is incumbent upon a School District to make available resources to maintain the idea of a not-for-profit entity as we operate in the public realm. The School District has historically held conservative ways of spending dollars so that needs can be met with the interest of the taxpayer.

The one surprise for the School District was the budget deficit in property taxes. This is normally fairly stable and has been predictably higher each year. It has been determined that the deficit in the statements was predominantly netted personal property refunds within the settlement of taxes. The intergovernmental change was as a result of the prior year's collection on state foundation being the indicator of payment rather than

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

using the new formulas provided under law. This is the conservative approach since often times enrollment drops can offset state foundation increases. The only other significant change was the variance in pupil transportation which came as a result of the continued reduction of maintenance costs as a result of new busses and the implementation of internal bussing of our multi-handicapped students.

For the general fund, the final budget basis revenue and other financing sources estimate was \$20,628,123. The original budgeted estimate was \$20,436,130.

During fiscal year 2001, the School District budgeted \$8,982,170 and \$8,428,469 for property taxes and intergovernmental revenues, respectively. The School District only received \$8,809,408 in property taxes revenue, while the School District received \$9,800,922 in intergovernmental revenue. The property taxes revenue had an unfavorable variance for the fiscal year. This variance was simply caused by over-estimation of this revenue line item.

**Capital Assets**

At the end of the fiscal year 2001, the School District had \$6,656,286 invested in land, land improvements, buildings and improvements, machinery, equipment and fixtures, vehicles, and construction in progress.

Table 4 shows fiscal 2001 balances compared to 2000.

Table 4  
Capital Assets (Net of Depreciation) at June 30,

	2000	2001
Land	\$165,940	\$165,940
Land Improvements	205,754	193,178
Buildings and Improvements	3,707,926	3,871,111
Machinery, Equipment and Fixtures	1,529,634	1,663,045
Vehicles	522,940	663,254
Construction in Progress	0	99,758
Totals	\$6,132,194	\$6,656,286

Overall capital assets increased \$524,092 from fiscal year 2000 to fiscal year 2001. Increases in capital assets (primarily buildings and improvements, machinery, equipment and fixtures, and vehicles) were offset by depreciation expense for the year.

The majority of equipment purchased during fiscal year 2001 was for new computer equipment throughout the School District.

At fiscal year end, the School District had contractual purchase commitments totaling \$402,933 with Beem Construction, Mechanical System of Dayton, Bolyard Heating and Cooling, and Buds Electric for the vocational technology building project.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

**Debt Administration**

At June 30, 2001, the School District only had a \$15,000 general obligation bond as outstanding debt, all due within one year. This bond was originally dated May 1, 1978, in the amount of \$370,000. The project constructed the vocational education building. In addition, during fiscal year 2001, the School District paid off the Energy Conservation Loan.

Table 5  
Outstanding Debt at June 30,

	<u>2000</u>	<u>2001</u>
1995 Energy Conservation Loan	\$60,000	\$0
1978 General Obligation Bond	30,000	15,000

At June 30, 2001, the School District's overall legal debt margin was \$37,461,142 and the unvoted debt margin was \$416,210.

**Current Financial Issues and Concerns**

The Greenville City School District is financially stable. The School District is proud of its community support of the public schools. The School District's voters have approved the last two levies by large margins. The School District created a business academy in the High School Career Technical Department to open more opportunities for technical skills to be accessible by the entire high school student body. The continuous improvement plan for the School District in conjunction with the Center for Leadership in School Reform is expanding the way the School District is operating educationally and is being reflected financially by more increases in professional development. The School District is looking to expand educational facilities at the high school with a new career-technical addition to enhance the success of the new business academy. Class sizes continue to decline in our present environment due to increased hiring of staff. Additionally the School District created a multi-handicapped unit to provide services to the School District's own students in-house. This was a change financially since a wider range of ages were to be served in the School District and the transportation of these students were brought in-house creating a need for a special education bus.

The School District has been aggressive in its pursuit of compensatory agreements with businesses who are being granted tax abatements. These agreements will bring in additional dollars otherwise lost to the School District, yet will allow the School District to not be negatively impacted for future cost sharing with the Ohio School Facility Commission.

Greenville is experiencing some significant losses of business based on the closing of a local manufacturing facility late in 2001. Shortly after this plant closing, one of Greenville's major manufacturing concerns announced their discontinuance of operations sometime late in 2002. The impact of these closings with little promise of new manufacturing and industrial base creates concern for local government and school officials. The School District's strong financial position will not force an immediate reaction to these losses. However, should there be a continuation of this trend, the results may begin to impact the School District's cash flow and require a differing list of priorities in future years.

Externally, the State of Ohio was found by the Ohio Supreme Court in March 1997 to be operating an unconstitutional system of school funding, one that was neither "adequate" nor "equitable." Since 1997, the State has directed its tax revenue growth toward School Districts with little property tax wealth. The legislators and government officials continue to negotiate the plan for improvement of the financing of public schools in the State of Ohio.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001  
(Continued)**

In comparison to other School Districts in the state, the Greenville City School District would not be considered a School District suffering with low wealth. Therefore, the Greenville City School District has not anticipated any meaningful growth in State revenue, relatively speaking. The concern is that, to meet the requirements of the court, the State may require redistribution of commercial and industrial property tax. With 23 percent of the School District's wealth coming from business and industry, this could have a significant negative impact on the School District's residential taxpayers.

Both scenarios require management to plan carefully and prudently to provide the resources to meet student needs over the next several years.

During the 2001-02 school year, Greenville will be receiving assessment documents from the Ohio Facilities Commission. A committee will be established to review meaningful plans for repair and/or replacement of buildings. The aforementioned Building Capital Improvements Fund has been set forth to set-aside monies for potential projects.

In conclusion, the Greenville City School District has committed itself to financial excellence for many years. In addition, the School District's system of financial planning, budgeting, and internal financial controls are well regarded. The School District plans to continue its sound fiscal management to meet the challenges of the future and to provide the best educational opportunities to its children.

**Contacting the School District's Financial Management**

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Carla Surber, Treasurer at Greenville City School District, Memorial Hall - 215 West Fourth Street, Greenville, Ohio 45331 or email at [CSurber@greenville.k12.oh.us](mailto:CSurber@greenville.k12.oh.us).

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF NET ASSETS  
JUNE 30, 2001**

	<b>GOVERNMENTAL ACTIVITIES</b>
<b>Assets:</b>	
Current Assets:	
Cash and Cash Equivalents	\$6,656,047
Accrued Interest Receivable	7,075
Income Taxes Receivable	871,566
Payment in Lieu of Taxes Receivable	121,636
Intergovernmental Receivable	48,052
Accounts Receivable	24,599
Prepaid Items	16,031
Inventory of Supplies and Materials	46,840
Property Taxes Receivable	9,123,357
Restricted Assets:	
Cash and Cash Equivalents	1,454,578
Intergovernmental Receivable	350,068
Accounts Receivable	11,158
Inventory of Supplies and Materials	7,330
Cash and Cash Equivalents with Fiscal Agents	476
<b>Total Current Assets</b>	<b>18,738,813</b>
Noncurrent Assets:	
Restricted Assets:	
Cash and Cash Equivalents	2,572,893
Property Taxes Receivable	545,783
Nondepreciable Capital Assets	265,698
Depreciable Capital Assets, Net	6,390,588
<b>Total Noncurrent Assets</b>	<b>9,774,962</b>
<b>Total Assets</b>	<b>28,513,775</b>
<b>Liabilities:</b>	
Current Liabilities:	
Accounts Payable	247,022
Accrued Wages and Benefits Payable	1,960,536
Matured Compensated Absences Payable	58,073
Intergovernmental Payable	508,061
Accrued Interest Payable	73
Deferred Revenue	7,862,161
Current Portion of Long-Term Obligations	152,685
Current Liabilities Payable from Restricted Assets:	
Accounts Payable	39,717
Accrued Wages and Benefits Payable	117,362
Matured Compensated Absences Payable	21,277
Intergovernmental Payable	59,780
Matured Interest Payable	238
<b>Total Current Liabilities</b>	<b>11,026,985</b>
Noncurrent Liabilities:	
Noncurrent Portion of Long-Term Liabilities	1,156,257
Accounts Payable from Restricted Assets	12,363
Contracts Payable from Restricted Assets	93,119
Deferred Revenue from Restricted Assets	465,652
Compensated Absences Payable from Restricted Assets	26,415
<b>Total Noncurrent Liabilities</b>	<b>1,753,806</b>
<b>Total Liabilities</b>	<b>12,780,791</b>
<b>Net Assets:</b>	
Invested in Capital Assets, Net of Related Debt	6,641,286
Restricted for:	
Capital Projects	2,547,542
Debt Service	17,279
Other Purposes	1,537,542
Unrestricted	4,989,335
<b>Total Net Assets</b>	<b>\$15,732,984</b>

*See Accompanying Notes to the Basic Financial Statements*



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Assets</u>	
	<u>Expenses</u>	<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	<u>Total Governmental Activities</u>
<b>Governmental Activities</b>					
<b>Instruction:</b>					
Regular	\$10,334,316	\$435,304	\$388,021	\$115,863	(\$9,395,128)
Special	2,333,649	83,524	867,929		(1,382,196)
Vocational	1,854,759	161,617	426,394		(1,266,748)
Adult/Continuing	62,842		60,892		(1,950)
<b>Support Services:</b>					
Pupils	1,136,862		110,481		(1,026,381)
Instructional Staff	1,127,606		356,979		(770,627)
Board of Education	31,061				(31,061)
Administration	2,280,774	127,232	17,336		(2,136,206)
Fiscal	573,748				(573,748)
Business	1,571				(1,571)
Operation and Maintenance of Plant	1,278,042	19,028	3,312		(1,255,702)
Pupil Transportation	893,372		596,235		(297,137)
Central	158,515		24,941		(133,574)
Operation of Non-Instructional Services	997,991	418,190	553,026		(26,775)
Extracurricular Activities	597,444	285,972	12,304		(299,168)
Interest and Fiscal Charges	2,559				(2,559)
<b>Total Governmental Activities</b>	<u>\$23,665,111</u>	<u>\$1,530,867</u>	<u>\$3,417,850</u>	<u>\$115,863</u>	<u>(\$18,600,531)</u>

General Revenues:

Property Taxes Levied for:

General Purposes	\$9,042,440
Capital Outlay	546,629
Income Taxes Levied for General Purposes	1,857,245
Grants and Entitlements not Restricted to	
Specific Programs	8,488,222
Payment in Lieu of Taxes	247,902
Contributions not Restricted to Specific Programs	16,065
Investment Earnings	644,703
Miscellaneous	102,951
<b>Total General Revenues</b>	<u>20,946,157</u>

Change in Net Assets 2,345,626

Net Assets Beginning of Year - (See Note 3) 13,387,358

Net Assets End of Year \$15,732,984

See Accompanying Notes to the Basic Financial Statements.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
JUNE 30, 2001**

	<u>GENERAL</u>	<u>BUILDING CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>ASSETS</b>				
Cash and Cash Equivalents	\$6,574,052	\$1,863,659	\$2,163,812	\$10,601,523
Cash and Cash Equivalents With Fiscal Agents			476	476
Receivables:				
Property Taxes	9,123,357		545,783	9,669,140
Income Taxes	871,566			871,566
Payment in Lieu of Taxes	121,636			121,636
Accounts	24,599		11,158	35,757
Intergovernmental	48,052		350,068	398,120
Interfund	4,000			4,000
Accrued Interest	7,075			7,075
Inventory of Supplies and Materials	46,840		1,655	48,495
Prepaid Items	16,031			16,031
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	81,995			81,995
<b>Total Assets</b>	<u>16,919,203</u>	<u>1,863,659</u>	<u>3,072,952</u>	<u>21,855,814</u>
<b>LIABILITIES AND FUND BALANCES</b>				
<b>LIABILITIES</b>				
Accounts Payable	247,022		52,080	299,102
Contracts Payable			93,119	93,119
Accrued Wages and Benefits Payable	1,960,536		117,362	2,077,898
Interfund Payable			4,000	4,000
Intergovernmental Payable	384,332		21,452	405,784
Deferred Revenue	8,491,586		791,000	9,282,586
Matured Interest Payable			238	238
Matured Compensated Absences Payable	58,073		21,277	79,350
<b>Total Liabilities</b>	<u>11,141,549</u>		<u>1,100,528</u>	<u>12,242,077</u>
<b>FUND BALANCES</b>				
Reserved for Encumbrances	607,052	17,058	560,587	1,184,697
Reserved for Inventory of Supplies and Materials	46,840		1,655	48,495
Reserved for Property Taxes	923,631		52,957	976,588
Reserved for Unclaimed Monies	4,863			4,863
Reserved for School Bus Purchases	77,132			77,132
Unreserved, Undesignated, Reported in:				
General Fund	4,118,136			4,118,136
Special Revenue Funds			1,202,763	1,202,763
Debt Service Fund			17,279	17,279
Capital Projects Funds		1,846,601	137,183	1,983,784
<b>Total Fund Balances</b>	<u>5,777,654</u>	<u>1,863,659</u>	<u>1,972,424</u>	<u>9,613,737</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$16,919,203</u>	<u>\$1,863,659</u>	<u>\$3,072,952</u>	<u>\$21,855,814</u>

See Accompanying Notes to the Basic Financial Statements

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO  
NET ASSETS OF GOVERNMENTAL ACTIVITIES  
JUNE 30, 2001**

Total Governmental Fund Balances \$9,613,737

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of:

Land	165,940	
Land Improvements	285,669	
Building and Improvements	6,359,084	
Machinery, Equipment and Fixtures	5,039,871	
Vehicles	1,228,083	
Construction in Progress	99,758	
Accumulated Depreciation	<u>(6,522,119)</u>	
Total Capital Assets		6,656,286

Other long-term assets are not available soon enough to pay for the current period's expenditures and therefore are deferred in the funds.

Property Taxes	364,739	
Income Taxes	140,203	
Payment in Lieu of Taxes	121,636	
Tuition and Fees	21,798	
Extracurricular Activities	1,679	
Intergovernmental Grants	289,533	
Charges for Services	4,478	
Rent	1,782	
Miscellaneous	<u>8,925</u>	
		954,773

Federal donated commodities are not reported in the funds 5,675

Some liabilities are not due and payable in the current period and therefore are not reported in the funds. Those liabilities consist of:

General Obligation Bonds Payable	(15,000)	
Accrued Interest on Bonds	(73)	
Compensated Absences	(1,320,357)	
Intergovernmental Payable	<u>(162,057)</u>	
Total Liabilities		<u>(1,497,487)</u>

Net Assets of Governmental Activities \$15,732,984

See Accompanying Notes to the Basic Financial Statements

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>GENERAL</u>	<u>BUILDING CAPITAL PROJECTS</u>	<u>OTHER GOVERNMENTAL FUNDS</u>	<u>TOTAL GOVERNMENTAL FUNDS</u>
<b>Revenues:</b>				
Property Taxes	\$8,900,108		\$531,583	\$9,431,691
Income Taxes	1,865,436			1,865,436
Payment in Lieu of Taxes	252,533			252,533
Tuition and Fees	546,968		46,736	593,704
Extracurricular Activities	6,175		386,341	392,516
Interest	644,703		21,639	666,342
Intergovernmental	9,828,484		1,868,644	11,697,128
Charges for Services	0		500,827	500,827
Rent	19,778		500	20,278
Gifts and Donations	11,065		58,093	69,158
Miscellaneous	83,901		41,305	125,206
Total Revenues	<u>22,159,151</u>	<u></u>	<u>3,455,668</u>	<u>25,614,819</u>
<b>Expenditures:</b>				
<b>Current:</b>				
Instruction:				
Regular	9,538,229	39,242	523,713	10,101,184
Special	1,948,536		327,068	2,275,604
Vocational	1,680,294		245,720	1,926,014
Adult/Continuing			60,382	60,382
Support Services:				
Pupils	998,665		95,334	1,093,999
Instructional Staff	784,759		339,584	1,124,343
Board of Education	30,895			30,895
Administration	1,987,465		205,830	2,193,295
Fiscal	539,283		13,255	552,538
Business	1,571			1,571
Operation and Maintenance of Plant	1,227,912		7,799	1,235,711
Pupil Transportation	1,037,124		209	1,037,333
Central	135,338		18,047	153,385
Operation of Non-Instructional Services			799,880	799,880
Extracurricular Activities	269,043		319,278	588,321
Capital Outlay	65,002	26,462	670,949	762,413
Debt Service:				
Principal Retirement	2,904		75,000	77,904
Interest and Fiscal Charges	76		2,804	2,880
Total Expenditures	<u>20,247,096</u>	<u>65,704</u>	<u>3,704,852</u>	<u>24,017,652</u>
Excess of Revenues Over (Under) Expenditures	<u>1,912,055</u>	<u>(65,704)</u>	<u>(249,184)</u>	<u>1,597,167</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets	1,237			1,237
Operating Transfers In		1,250,000	278,129	1,528,129
Operating Transfers Out	(1,409,577)		(118,552)	(1,528,129)
Total Other Financing Sources (Uses)	<u>(1,408,340)</u>	<u>1,250,000</u>	<u>159,577</u>	<u>1,237</u>
Net Change in Fund Balances	503,715	1,184,296	(89,607)	1,598,404
Fund Balances at Beginning of Year -				
Restated (See Note 3)	5,272,380	679,363	2,062,335	8,014,078
Increase (Decrease) in Reserve for Inventory	1,559		(304)	1,255
Fund Balances at End of Year	<u>\$5,777,654</u>	<u>\$1,863,659</u>	<u>\$1,972,424</u>	<u>\$9,613,737</u>

See Accompanying Notes to the Basic Financial Statements

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES  
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Net Change in Fund Balances - Total Governmental Funds \$1,598,404

Amounts reported for governmental activities in the statement of activities are different because

Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are:

Capital Outlay	1,243,080	
Current Year Depreciation Expense	<u>(674,332)</u>	
Excess of Capital Outlay over Depreciation Expense		568,748

Governmental funds only report the disposal of fixed assets to the extent proceeds are received from the sale. In the statement of activities, a gain or loss is reported for each disposal.

Proceeds from Sale of Fixed Assets	(1,237)	
Loss on Disposal of Fixed Assets	<u>(43,419)</u>	
		(44,656)

Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of:

Energy Conservation Bond Principal Payments	60,000	
General Obligation Bond Principal Payments	15,000	
Capital Lease Payments	<u>2,904</u>	
Total long-term debt repayment		77,904

Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year.

Property Taxes	157,378	
Income Taxes	(8,191)	
Payment in Lieu of Taxes	(4,631)	
Tuition and Fees	10,912	
Extracurricular Activities	1,420	
Intergovernmental Grants	183,037	
Charges for Services	1,537	
Rent	(750)	
Miscellaneous	<u>(22,255)</u>	
		318,457

Consumable inventory is reported using the purchase method on a modified accrual basis, but is reported using the consumption method for full accrual. This amount represents the decrease in inventory that took place during the fiscal year. 1,255

Donated commodities received (\$81,419) and used (\$77,461) are not recognized in the funds. 3,958

Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of:

Net Decrease in Accrued Interest	321	
Increase in Intergovernmental Payable	(2,353)	
Increase in Compensated Absences	<u>(176,412)</u>	
		<u>(178,444)</u>

Change in Net Assets of Governmental Activities \$2,345,626

*See Accompanying Notes to the Basic Financial Statements*

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL  
GENERAL FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Budgeted Amounts</u>			<b>Variance With</b>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<b>Final Budget Favorable (Unfavorable)</b>
<b>Revenues:</b>				
Property Taxes	\$8,902,912	\$8,982,170	\$8,809,408	(\$172,762)
Income Taxes	1,700,722	1,715,863	1,706,195	(9,668)
Payment in Lieu of Taxes	250,305	252,533	252,533	
Tuition and Fees	559,915	564,900	603,109	38,209
Extracurricular Activities	24,779	25,000	6,175	(18,825)
Interest	592,672	597,948	638,916	40,968
Intergovernmental	8,354,096	8,428,469	9,800,922	1,372,453
Rent	20,022	20,200	19,778	(422)
Gifts and Donations	10,967	11,065	11,065	
Miscellaneous	19,740	18,200	22,026	3,826
<b>Total Revenues</b>	<u>20,436,130</u>	<u>20,616,348</u>	<u>21,870,127</u>	<u>1,253,779</u>
<b>Expenditures:</b>				
Current:				
Instruction:				
Regular	9,981,447	10,202,535	9,851,816	350,719
Special	2,268,331	2,314,815	2,066,204	248,611
Vocational	1,899,892	1,872,944	1,753,237	119,707
Other	4,150	9,520	9,150	370
Support Services:				
Pupils	1,027,659	1,142,169	1,080,700	61,469
Instructional Staff	926,851	1,021,719	798,436	223,283
Board of Education	53,062	59,311	38,661	20,650
Administration	2,190,857	2,213,650	2,112,869	100,781
Fiscal	595,846	660,886	571,770	89,116
Business	8,782	8,782	1,571	7,211
Operation and Maintenance of Plant	1,441,705	1,596,242	1,372,863	223,379
Pupil Transportation	1,082,464	1,405,035	1,093,348	311,687
Central	107,098	147,301	125,371	21,930
Extracurricular Activities	301,628	308,213	269,083	39,130
Capital Outlay	64,254	67,398	65,002	2,396
<b>Total Expenditures</b>	<u>21,954,026</u>	<u>23,030,520</u>	<u>21,210,081</u>	<u>1,820,439</u>
Excess of Revenues Over (Under) Expenditures	<u>(1,517,896)</u>	<u>(2,414,172)</u>	<u>660,046</u>	<u>3,074,218</u>
<b>Other Financing Sources (Uses):</b>				
Proceeds from Sale of Fixed Assets			1,237	1,237
Refund of Prior Year Expenditure		11,775	56,958	45,183
Refund of Prior Year Receipts	(28,000)	(50,000)	(49,192)	808
Advances - In			239,015	239,015
Advances - Out			(202,400)	(202,400)
Operating Transfers - Out	(170,000)	(1,409,577)	(1,409,577)	
<b>Total Other Financing Sources (Uses)</b>	<u>(198,000)</u>	<u>(1,447,802)</u>	<u>(1,363,959)</u>	<u>83,843</u>
Excess of Revenues and Other Financing Sources Under Expenditures And Other Financing Uses	<u>(1,715,896)</u>	<u>(3,861,974)</u>	<u>(703,913)</u>	<u>3,158,061</u>
Fund Balance at Beginning of Year	5,753,054	5,753,054	5,753,054	
Prior Year Encumbrances Appropriated	750,524	750,524	750,524	
<b>Fund Balance at End of Year</b>	<u>\$4,787,682</u>	<u>\$2,641,604</u>	<u>\$5,799,665</u>	<u>\$3,158,061</u>

See Accompanying Notes to the Basic Financial Statements.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
JUNE 30, 2001**

	<b>Private Purpose Trust</b>	<b>Agency</b>
<b>Assets:</b>		
Cash and Cash Equivalents	\$153,112	\$81,967
Investments in Segregated Accounts	44,954	
Receivables:		
Accrued Interest	80	
Notes	23,643	
<b>Total Assets</b>	<b>221,789</b>	<b>81,967</b>
<b>Liabilities:</b>		
Accounts Payable		1,344
Due to Students		80,623
<b>Total Liabilities</b>		<b>\$81,967</b>
<b>Net Assets:</b>		
Endowment	33,204	
Held in Trust for Scholarships	4,187	
Held in Trust for Other Governments	184,398	
<b>Total Net Assets</b>	<b>\$221,789</b>	

*See Accompanying Notes to the Basic Financial Statements.*

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Private Purpose Trust</u>
<b>Additions:</b>	
Interest	\$10,345
Contributions	<u>975</u>
Total Additions	<u>11,320</u>
<b>Deletions:</b>	
Operation of Non-Instructional Services	3,452
Extracurricular Activities	<u>364</u>
Total Deletions	<u>3,816</u>
Change in Net Assets	7,504
Net Assets Beginning of Year	<u>214,285</u>
<b>Net Assets End of Year</b>	<u><u>\$221,789</u></u>

*See Accompanying Notes to the Basic Financial Statements*



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

Greenville City 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 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 126 square miles. It is located in Darke County, and includes all of the City of Greenville and portions of surrounding townships. It is staffed by 162 non-certificated employees, 282 certificated full-time teaching personnel and administrative employees who provide services to 3,611 students and other community members. The School District currently operates seven instructional buildings, an administrative building, and a bus maintenance garage.

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 Greenville City School District, this includes general operations, food service, and student related activities of the School District. The following activities are also included within the reporting entity:

**Parochial Schools** - Within the School District boundaries, three schools are operated as private charter schools. Current State legislation provides funding to these parochial and private schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial and private charter schools. This activity is reflected in a special revenue fund for financial reporting purposes.

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

The following entities which perform activities within the School District 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.

**City of Greenville** - The city government of Greenville is a separate body politic and corporate. A mayor and council are elected independent of any School District relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

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

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY (Continued)**

The School District participates in two jointly governed organizations and one insurance purchasing pool. These organizations are discussed in Note 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

Southwestern Ohio Educational Purchasing Council  
Southwestern Ohio Instructional Technology Association

Insurance Purchasing Pool:

Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Basis of Presentation**

The School District's basic financial statements consist of government-wide statements, including a statement of net assets and a statement of activities, and fund financial statements which provide a more detailed level of financial information.

**1. Government-wide Financial Statements:**

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds.

The statement of net assets presents the financial condition of the governmental activities of the School District at year-end. The statement of activities presents a comparison between direct expenses and program revenues for each program or function of the School District's governmental activities. Direct expenses are those that are specifically associated with a service, program or department and therefore clearly identifiable to a particular function. Program revenues include charges paid by the recipient of the goods or services offered by the program, grants and contributions that are restricted to meeting the operational or capital requirements of a particular program and interest earned on grants that is required to be used to support a particular program. Revenues which are not classified as program revenues are presented as general revenues of the School District. The comparison of direct expenses with program revenues identifies the extent to which each governmental function is self-financing or draws from the general revenues of the School District.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fund Financial Statements:**

During the year, the School District segregates transactions related to certain School District functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Fund financial statements are designed to present financial information of the School District at this more detailed level. The focus of governmental fund financial statements is on major funds. Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. Fiduciary funds are reported by type.

**B. Fund Accounting**

The School District uses funds to maintain its financial records during the fiscal year. A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts. There are two categories of funds utilized by the School District: governmental and fiduciary.

**1. Governmental Funds:**

Governmental funds are those through which most governmental functions typically are financed. Governmental fund reporting focuses on the sources, uses and balances of current financial resources. Expendable assets are assigned to the various governmental funds according to the purposes for which they may or must be used. Current liabilities are assigned to the fund from which they will be paid. The difference between governmental fund assets and liabilities is reported as fund balance.

The following are the School District's major 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.

**Building Capital Projects Fund**

The building capital projects fund accounts for financial resources to be used for land acquisition and the construction of facilities for a future School District building project.

The other governmental funds of the School District account for grants and other resources whose use is restricted to a particular purpose.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Fiduciary Funds:**

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. Trust funds are used to account for assets held by the School District under a trust agreement for individuals, private organizations, or other governments and are therefore not available to support the School District's own programs. The School District's two trust funds are private purpose trusts which account for scholarship programs for students and money which benefits other governments. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The School District's agency fund accounts for those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

**C. Measurement Focus**

**1. Government-wide Financial Statements:**

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the statement of net assets.

**2. Fund Financial Statements**

All governmental funds are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. The statement of revenues, expenditures and changes in fund balances reports on the sources (i.e., revenues and other financing sources) and uses (i.e., expenditures and other financing uses) of current financial resources. This approach differs from the manner in which the governmental activities of the government-wide financial statements are prepared. Governmental fund financial statements therefore include a reconciliation with brief explanations to better identify the relationship between the government-wide statements and the statements for governmental funds.

The private purpose trust funds are reported using the economic resources measurement focus.

**D. Basis of Accounting**

The basis of accounting determines when transactions are recorded in the financial records and reported on the financial statements. Government-wide financial statements are prepared using the accrual basis of accounting. Fiduciary funds also use the accrual basis of accounting. Governmental funds use the modified accrual basis of accounting. Differences in the accrual and the modified accrual basis of accounting arise in the recognition of revenue, the recording of deferred revenue, and in the presentation of expenses versus expenditures.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**1. 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.

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

On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

**2. 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. Grants and entitlements received before the eligibility requirements are met are also recorded as deferred revenue.

On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**3. Expenses/Expenditures:**

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

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. Allocation of costs, such as depreciation and amortization are not recognized in governmental funds.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Data**

All funds, other than the agency fund, are legally required to be budgeted and appropriated. A portion of the preschool grant special revenue fund's grant activity that is administered by the fiscal agent is not budgeted by the School District. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of budgetary control has been established by the Board of Education at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education. Advances in and advances out are not required to be budgeted since they represent a cash flow resource and are intended to be repaid.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year.

**F. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled. Monies for all 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 "Cash and Cash Equivalents". The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the financial statements as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits. In addition, the School District participates in the preschool grant for which the Darke County Educational Service Center serves as fiscal agent. The balance of this grant is also presented as "Cash and Cash Equivalents with Fiscal Agents" and represents deposits.

Investments that are held separately by the private purpose trust funds are reported as "Investments in Segregated Accounts."

During fiscal year 2001, the School District invested funds in American Funds Mutual Fund and certificates of deposit. Investments are reported at fair value, which is based on quoted market prices, with the exception of nonparticipating investment contracts such as nonnegotiable certificates of deposit which are reported at cost.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 \$644,703, which includes \$164,105 assigned from other School District funds.

Investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an original maturity of more than three months that are not made from the pool are reported as investments.

**G. Prepaid Items**

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

**H. Inventory**

On government-wide financial statements, inventories are presented at the lower of cost or market on a first-in, first-out basis and are expensed when used.

On fund financial statements, inventories of governmental funds are stated at cost. Cost is determined on a first-in, first-out basis. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased.

Inventory consists of expendable supplies held for consumption.

**I. Restricted Assets**

Assets are reported as restricted when limitations on their use change the normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, or laws of other governments or imposed by enabling legislation. Restricted assets in the general fund represent cash and cash equivalents required to be used for school bus purchases and unclaimed money.

**J. Capital Assets**

General capital assets are capital assets that are associated with and generally arise from governmental activities. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

All capital 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 one thousand dollars. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not. All reported capital assets except for land and construction in progress are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Description	Estimated Lives
Land Improvements	20 years
Buildings and Improvements	20-99 years
Machinery, Equipment, and Fixtures	5-20 years
Vehicles	12 years

**K. Compensated Absences**

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

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

The entire compensated absences liability is reported on the government-wide financial statements.

For governmental fund financial statements, compensated absences are reported as liabilities and expenditures as payments come due each period upon the occurrence of employee resignations and retirements. These amounts are recorded in the account "Matured Compensated Absences Payable" in the fund from which the employees will be paid.

**L. Accrued Liabilities and Long-term Obligations**

All payables, accrued liabilities and long-term obligations are reported in the government-wide financial statements.

In general, payables and accrued liabilities that, once incurred, are paid in a timely manner and in full from current financial resources, are reported as obligations of the governmental funds. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the fund financial statements only to the extent that they are due for payment during the current fiscal year. The capital leases, the energy conservation loan, the general obligation bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.



**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**M. Net Assets**

Net assets represent the difference between assets and liabilities. Net assets invested in capital assets, net of related debt consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowings used for the acquisition, construction or improvement of those assets. Net assets are reported as restricted when there are limitations imposed on their use either through the enabling legislation adopted by the School District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

The School District applies restricted resources when an expense is incurred for purposes for which both restricted and unrestricted net assets are available.

**N. Fund Balance Reserves**

The School District reserves those portions of fund balance 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, inventory of supplies and materials, property taxes, unclaimed monies, and school bus purchases.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

**O. Interfund Activity**

Exchange transactions between funds are reported as revenues in the seller funds and as expenditures/expenses in the purchaser funds. Flows of cash or goods from one fund to another without a requirement for repayment are reported as interfund transfers. Interfund transfers are reported as other financing sources/uses in governmental funds. Repayments from funds responsible for particular expenditures/expenses to the funds that initially paid for them are not presented on the financial statements.

**P. Extraordinary and Special Items**

Extraordinary items are transactions or events that are both unusual in nature and infrequent in occurrence. Special items are transactions or events that are within the control of the Board of Education and that are either unusual in nature or infrequent in occurrence. Neither type of transaction occurred during fiscal year 2001.

**Q. Estimates**

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

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES**

For fiscal year 2001, the School District has presented for the first time, financial statements in accordance with Generally Accepted Accounting Principles.

The financial statements include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements. The beginning fund balances for governmental funds reflect the changes caused by the conversion from cash to the modified accrual basis of accounting. The beginning net asset amount for governmental programs reflects the change in fund balance for governmental funds at June 30, 2000, caused by the conversion to the accrual basis of accounting.

	General	Building Capital Projects	Nonmajor	Total
Fund Balance June 30, 2000	\$6,463,435	\$679,363	\$2,296,351	\$9,439,149
GAAP adjustments	(1,191,055)	0	(234,016)	(1,425,071)
Adjusted Fund Balance June 30, 2000	<u>\$5,272,380</u>	<u>\$679,363</u>	<u>\$2,062,335</u>	<u>\$8,014,078</u>
GASB 34 Adjustments:				
Donated Commodities				1,717
Capital Assets				6,132,194
Long-Term Liabilities:				
Capital Leases				(2,904)
Energy Conservation Loan				(60,000)
General Obligation Bonds				(30,000)
Compensated Absences Payable				(1,143,945)
Accrued Interest Payable				(394)
Intergovernmental Payable				(159,704)
Long-Term (Deferred) Assets				636,316
Government Activities Net Assets June 30, 2000				<u>\$13,387,358</u>

The application of generally accepted accounting principles affected retained earnings of the School District at June 30, 2000, by reducing the \$360,257 balance to zero.

**4. FUND DEFICITS**

The title VI-B, title I, and reducing class size special revenue funds had deficit fund balances at June 30, 2001, of \$11,836, \$15,446, and \$6,204, respectively. The general fund is liable for any deficit in these funds and will provide operating transfers when cash is required, not when accruals occur.

**5. BUDGETARY BASIS OF ACCOUNTING**

While the School District is reporting financial position, results of operations and changes in fund balance 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 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual presented for the general fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are as follows:

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

- a. Revenues are recorded when received in cash (budget) as opposed to when susceptible to accrual (GAAP).
- b. Expenditures are recorded when paid in cash (budget) as opposed to when the fund liability is incurred (GAAP).
- c. Encumbrances are treated as expenditures (budget) rather than as a reservation of fund balance (GAAP)
- d. Advances are operating transactions (budget) as opposed to balance sheet transactions (GAAP).
- e. The change in the fair value of investments is not included on the budget basis operating statement. This amount is included as revenue on the GAAP basis operating statement.

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the general fund.

<b>Net Change in Fund Balance</b>	
GAAP Basis	\$503,715
Net Adjustment for Revenue Accruals	(230,627)
Net Adjustment for Expenditure Accruals	(157,234)
Change in Fair Value of Investments	(1,439)
Advances	36,615
Adjustment for Encumbrances	<u>(854,943)</u>
Budget Basis	<u><u>(\$703,913)</u></u>

**6. DEPOSITS AND INVESTMENTS**

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

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

Inactive monies are public deposits that 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 monies must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings or deposit accounts including passbook accounts.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**6. DEPOSITS AND INVESTMENTS (Continued)**

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 are to be deposited or invested in the following securities:

- a. 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;
- b. 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;
- c. 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;
- d. Bonds and other obligations of the State of Ohio;
- e. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- f. The State Treasurer's investment pool (STAR Ohio);
- g. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the purchase date in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
- h. Under limited circumstances, corporate 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 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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**6. DEPOSITS AND INVESTMENTS (Continued)**

**A. Cash on Hand:**

At year end, the School District had \$1,705 in undeposited cash on hand which is included on the financial statements of the School District as part of "Equity in Pooled Cash and Cash Equivalents."

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

At June 30, 2001, the School District had "Cash and Cash Equivalents with Fiscal Agents" in the special revenue funds of \$476. The amount of \$238 is held by the Darke County Educational Service Center, which is the fiscal agent of several other School Districts. Since the monies are commingled, they cannot be classified by risk individually under GASB Statement No. 3. The classification for the Darke County Educational Service Center as a whole can be obtained by writing to Carolyn Garver, who serves as Treasurer, at 5279 Education Drive, Greenville, Ohio 45331.

**B. Deposits:**

At year-end, the carrying amount of the School District's deposits was \$10,931,879 and the bank balance was \$11,804,043. \$245,192 of the bank balance was covered by federal depository insurance and \$11,558,851 considered 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, noncompliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**C. 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 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 for which securities are held by the counterparty's trust department or an 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.

The School District's investment in American Funds Mutual Fund is an unclassified investment, since it is not evidenced by securities that exist in physical or book entry form. The fair value of these investments at June 30, 2001, was \$30,205, which equals the carrying value.

The classification of cash and cash equivalents, and investments on the basic financial statements is based on criteria set forth in GASB Statement No. 9.

A reconciliation between the classifications of cash and investments on the basic financial statements and the classification per GASB Statement No. 3 is as follows:

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

	<b>Cash and Cash Equivalents/ Deposits</b>	<b>Investments</b>
GASB Statement 9	\$10,919,073	\$44,954
Cash on Hand	(1,705)	0
Cash and Cash Equivalents with Fiscal Agents	(238)	0
Investments:		
American Funds Mutual Fund	(30,205)	30,205
Certificates of Deposit	44,954	(44,954)
GASB Statement 3	<u>\$10,931,879</u>	<u>\$30,205</u>

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half 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 2001 taxes.

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

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

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

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**7. PROPERTY TAXES (Continued)**

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

	<b>2000 Second - Half Collections</b>		<b>2001 First - Half Collections</b>	
	<b>Amount</b>	<b>Percent</b>	<b>Amount</b>	<b>Percent</b>
Agricultural/Residential and Other Real Estate	\$309,854,560	73.07%	\$316,362,600	76.01%
Public Utility Personal	28,544,300	6.73	25,633,540	6.16
Tangible Personal Property	85,643,080	20.20	74,213,450	17.83
<b>Total</b>	<b><u>\$424,041,940</u></b>	<b><u>100.00%</u></b>	<b><u>\$416,209,590</u></b>	<b><u>100.00%</u></b>
Tax Rate per \$1,000 of Assessed Valuation	\$33.40		\$33.40	

The School District receives property taxes from Darke 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 represent delinquent taxes outstanding, and real property, personal property and public utility taxes which are measurable as of June 30, 2001, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. At June 30, 2001, \$923,631 was available as an advance to the general fund and \$52,957 was available to the permanent improvement capital projects fund.

**8. INCOME TAX**

The School District levies a voted tax of one-half percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1990, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund.

**9. RECEIVABLES**

Receivables at June 30, 2001, consisted of property taxes, income taxes, payment in lieu of taxes, accounts (tuition and student fees), interfund, intergovernmental grants and interest. All receivables are considered collectible in full and will be received within one year. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Excess Costs	\$4,016
E-Rate Grant	2,517

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**9. RECEIVABLES (Continued)**

	<b>Amounts</b>
Community Alternative Funding System	36,602
Bureau of Workers' Compensation Refund	4,917
Total General Fund	48,052
Nonmajor Governmental Funds:	
Food Service	33,162
Career Development	3,133
Title VI-B	24,389
Carl Perkins	7,568
Title I	181,391
Title VI	15,382
Drug Free Grant	10,657
Reducing Class Size	7,147
Miscellaneous Federal Grants	67,239
Total Nonmajor Governmental Funds	350,068
Total Intergovernmental Receivables	\$398,120

**10. CAPITAL ASSETS**

Capital asset activity for the fiscal year ended June 30, 2001, was as follows:

	<b>Restated Balance 6/30/00</b>	<b>Additions</b>	<b>Deductions</b>	<b>Balance 6/30/01</b>
<b>Governmental Activities</b>				
Capital Assets, not Being Depreciated:				
Land	\$165,940	\$0	\$0	\$165,940
Construction in Progress	0	99,758	0	99,758
Total Capital Assets, not Being Depreciated	165,940	99,758	0	265,698
Capital Assets, Being Depreciated:				
Land Improvements	285,669	0	0	285,669
Buildings and Improvements	5,981,051	378,033	0	6,359,084
Machinery, Equipment, and Fixtures	4,757,741	551,899	(269,769)	5,039,871
Vehicles	1,197,845	213,390	(183,152)	1,228,083
Total Capital Assets, Being Depreciated	12,222,306	1,143,322	(452,921)	12,912,707
Less Accumulated Depreciation:				
Land Improvements	(79,915)	(12,576)	0	(92,491)
Buildings and Improvements	(2,273,125)	(214,848)	0	(2,487,973)
Machinery, Equipment, and Fixtures	(3,228,107)	(373,832)	225,113	(3,376,826)
Vehicles	(674,905)	(73,076)	183,152	(564,829)
Total Accumulated Depreciation	(6,256,052)	(674,332)	408,265	(6,522,119)
Capital Assets, Being Depreciated, Net	5,966,254	468,990	(44,656)	6,390,588
Governmental Activities Capital Assets, Net	\$6,132,194	\$568,748	(\$44,656)	\$6,656,286



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**10. CAPITAL ASSETS (Continued)**

\* Depreciation expense was charged to governmental functions as follows:

Instruction:	
Regular	\$303,098
Special	4,325
Vocational	44,657
Adult/Continuing	2,460
Support Services:	
Pupils	\$3,040
Instructional Staff	3,480
Board of Education	166
Administration	66,120
Fiscal	2,953
Operation and Maintenance of Plant	36,076
Pupil Transportation	72,355
Central	1,908
Operation of Non-Instructional Services	111,674
Extracurricular Activities	<u>22,020</u>
Total Depreciation Expense	<u><u>\$674,332</u></u>

**11. RISK MANAGEMENT**

**A. Property and Liability**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the School District contracted with Nationwide Agribusiness Insurance Company for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by Nationwide Agribusiness Insurance Company is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$58,576,100
Inland Marine Coverage (\$100 deductible)	60,967
Boiler and Machinery (\$1,000 deductible)	17,056,400
Public Employee Dishonesty (no deductible)	5,000
Automobile Liability including Uninsured Motorists (\$250 deductible)	1,000,000 each accident
Electronic Data Processing Hardware (\$250 deductible)	100,000
Musical Instruments Coverage (\$100 deductible)	100,000
Photographic Equipment Coverage (\$100 deductible)	15,715
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

**B. Workers' Compensation**

For fiscal year 2001, the School District participated in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), a workers' compensation insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp, Inc. provides administrative, cost control, and actuarial services to the GRP.

**12. 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.

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 amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$77,724, \$147,544 and \$138,249, respectively; 31.55 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$53,203, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**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

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. DEFINED BENEFIT PENSION PLANS (Continued)**

issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,148,729, \$647,499 and \$629,403, respectively; 85.22 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$169,836 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

**13. POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$544,135 for fiscal year 2001.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. POSTEMPLOYMENT BENEFITS (Continued)**

District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$225,283.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**14. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 205-235 days, depending on the number of months of the employee's contract. Upon retirement, all employees except administrators who have worked continuously with the School District for at least ten years receive payment for one day of severance for every four days of accrued, but unused sick leave accrued to a maximum of 40 days. Administrators receive payment on the basis of 1.1 days of severance for every 4 days of sick leave. Payment is made up to a maximum of 60 days.

All employees other than administrators with a minimum of ten years of continuous full-time service in the School District, who elects to retire effective the end of the work year that the employee first becomes eligible to retire receives a super-severance payment of 50% of the employee's accumulated but unused sick leave to a maximum of 80 days. Payment of such severance is at the employee's daily rate of pay at the time of retirement excluding supplemental contracts. Any employee who elects not to retire at the end of the work year that the employee first becomes eligible to retire forfeits the right to any payment and is only entitled to regular severance pay. Payment is made in two equal installments. The first payment is made within 15 days of receipt of confirmation from the retirement system that the employee is retired and receiving benefits. The second payment is made within 12 months of the first payment. In order to be eligible to receive super-severance, the employee must tender resignation for retirement purposes effective at the end of the school year no later than April 1 of the year the employee first becomes eligible to retire.

If an employee retires beyond the end of the first work year that the employee first becomes eligible to retire, the employee will be eligible to receive ten additional days of severance pay providing the employee retires with service credit equal to thirty years, but less than thirty-one years. To qualify for the additional ten days of pay, the employee must have a minimum of fifteen years of continuous full-time service with the School District and meet all other requirements for super-severance. Under no circumstances will any employee be eligible to receive both super-severance and the additional ten days.

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**14. OTHER EMPLOYEE BENEFITS (Continued)**

Administrators who have ten years of continuous full-time service with the School District who resigns for retirement purposes effective the end of the work year that the administrator becomes eligible to retire will receive a bonus of 9% of accumulated but unused sick leave to a maximum of 20 days. Payment of severance will be at the employee's daily rate at the time of retirement excluding supplemental contracts. Any employee who elects not to resign at the end of the work year the employee becomes eligible to retire will forfeit the right to any payment, but will be entitled to severance pay. Payment will be made in two equal installments with the first being made within 15 days of the receipt of verification of retirement. The second payment will be made and received by the employee within 12 months of the first payment. Eligibility is contingent upon tender of resignation by May 1 of the year prior to issuance of new contract.

**B. Insurance Benefits**

The School District provides dental insurance, life insurance and accidental death and dismemberment insurance to most employees through Coresource. Medical/surgical benefits are provided through Anthem Blue Cross Blue Shield. Vision Service Plan provides vision insurance.

**15. CAPITAL LEASES - LESSEE DISCLOSURE**

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

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$6,425, which is equal to the present value of the minimum lease payments at the time of acquisition. Principal payments in fiscal year 2001 totaled \$2,904. The lease was fully paid in fiscal year 2001.

**16. LONG-TERM OBLIGATIONS**

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

	<b>Amount Outstanding 6/30/00</b>	<b>Additions</b>	<b>Deductions</b>	<b>Amount Outstanding 6/30/01</b>	<b>Amounts Due Within One Year</b>
Governmental Activities					
Energy Conservation Loan 1995 4.94%	\$60,000	\$0	\$60,000	\$0	\$0
General Obligation Bonds 1978 5.875%	30,000	0	15,000	15,000	15,000
Capital Leases	2,904	0	2,904	0	0
Compensated Absences	<u>1,143,945</u>	<u>886,594</u>	<u>710,182</u>	<u>1,320,357</u>	<u>137,685</u>
Total Governmental Activities Long - Term Liabilities	<u>\$1,236,849</u>	<u>\$886,594</u>	<u>\$788,086</u>	<u>\$1,335,357</u>	<u>\$152,685</u>

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**16. LONG-TERM OBLIGATIONS (Continued)**

On September 14, 1995, the School District issued an energy conservation loan in the amount of \$300,000 for the purpose of implementing energy conservation measures. This loan was backed by the full faith and credit of the School District. The six-year loan matured in 2001. The energy conservation loan was retired from the debt service fund.

The general obligation bonds were issued on May 1, 1978, in the amount of \$370,000 for the purpose of constructing a vocational education building. The bonds will mature on December 1, 2001, and will be retired from the debt service fund.

Capital leases were paid from the general fund. Compensated absences will be paid from the general fund and the food service, title VI-B, title I, and miscellaneous federal grants special revenue funds.

The School District's overall legal debt margin was \$37,461,142 and the unvoted debt margin was \$416,210 at June 30, 2001.

**17. INTERFUND ASSETS/LIABILITIES AND TRANSFERS**

The general fund had an interfund receivable at June 30, 2001, of \$4,000. The drug free grant, a nonmajor special revenue fund, had an interfund payable of \$4,000.

The general fund had transfers out to the building capital projects fund and nonmajor funds of \$1,250,000 and \$159,577, respectively. The nonmajor funds also transferred monies of \$118,552 to other nonmajor funds.

Transfers are used to move receipts to the debt service fund as debt payments become due. Transfers are also used to move general fund revenues that are used to subsidize various programs in other funds. The general fund and nonmajor governmental funds transferred monies to other nonmajor governmental funds to finance capital projects.

**18. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

**A. Jointly Governed Organizations**

**Southwestern Ohio Educational Purchasing Council** -The School District participates in the Southwestern Ohio Educational Purchasing Council (SOEPC). The purpose of the council is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations during the one year period. Payments to SOEPC are made from the general fund. During fiscal year 2001, the School District paid \$1,708 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Robert Brown, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**18. JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOL**

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

All member districts are obligated to pay all fees, charges, or other assessments as established by the SOITA. Upon dissolution, the net assets shall be distributed to the federal government, or to a state or local government, for a public purpose. Payments to SOITA are made from the general fund. During fiscal year 2001, the School District paid \$475 to SOITA. To obtain financial information, write to the Southwestern Ohio Instructional Technology Association, Steve Strouse, who serves as Director, at 150 East Sixth Street, Franklin, Ohio 45005.

**B. Insurance Purchasing Pool**

**Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan** - The School District participates in the Southwestern Ohio Educational Purchasing Council Workers' Compensation Group Rating Plan (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an eleven member Executive Committee consisting of the Chairperson, the Vice-Chairperson, a representative from the Montgomery County Educational Service Center and eight other members elected by majority vote of all member school districts. The Chief Administrator of GRP serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**19. SET-ASIDE CALCULATIONS**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

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

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**19. SET-ASIDE CALCULATIONS (Continued)**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	\$0	\$0	\$371,694
Current Year Set-aside Requirement	478,603	478,603	0
Transfer to General Fund due to Reduction in Set-Aside amount due to Revised Legislation	0	0	(294,562)
Transfer to School Bus Reserve	0	0	(77,132)
Current Year Offsets	0	(522,995)	0
Qualifying Disbursements	(908,187)	0	0
Total	<u>(\$429,584)</u>	<u>(\$44,392)</u>	<u>\$0</u>
Set-aside Balances Carried Forward to Future Fiscal Years	<u>(\$429,584)</u>	<u>\$0</u>	<u>\$0</u>
Set-aside Reserve Balances as of June 30, 2001	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

The textbooks set-aside balance can be used to reduce the set-aside requirement in future years. The capital acquisition set-aside balance had offsets during the year that reduced the set-aside amount to below zero. This extra amount may not be used to reduce the set-aside requirement of future years. The negative amount is therefore not presented as being carried forward to the next fiscal year.

**20. DONOR-RESTRICTED ENDOWMENTS**

The School District's private purpose trust funds include donor-restricted endowments. Net Assets-Endowments of \$33,204 represents the principal portion of the endowment. The amount of net appreciation in donor-restricted investments that is available for expenditures by the governing body is \$4,187 and is included as net assets for scholarships. State law permits the governing board to appropriate, for purposes consistent with the endowment's intent, net appreciation, realized and unrealized, unless the endowment terms specify otherwise. The endowment indicates that the interest should be used to provide a scholarship each year.

**21. CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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



**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**22. SIGNIFICANT CONTRACTUAL COMMITMENTS**

As of June 30, 2001, the School District had contractual purchase commitments as follows:

<u>Company</u>	<u>Project</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/01</u>
Beem Construction-General Contractor	Vocational Technology Building Project	\$379,727	\$91,292	\$288,435
Mechanical System of Dayton-Plumbing	Vocational Technology Building Project	11,225	1,827	9,398
Bolyard Heating and Cooling-HVAC	Vocational Technology Building Project	28,800	0	28,800
Buds Electric-Electric	Vocational Technology Building Project	76,300	0	76,300

**23. SUBSEQUENT EVENTS**

**A. 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.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of March 14, 2002, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

As of the date of these financial statements, the 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.

**GREENVILLE CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**23. SUBSEQUENT EVENTS (Continued)**

**B. Tangible Personal Property**

The School District will receive significantly less tangible personal property tax revenue during fiscal year 2002. This is due to one major plant closing in the area, along with another smaller industry. The School District estimates that the reduction could be approximately \$500,000 to \$600,000.

**C. Payment of the Bonds**

The general obligation bonds were fully paid on December 1, 2001. Therefore, the School District has no debt outstanding as of March 14, 2002.

**GREENVILLE CITY SCHOOL DISTRICT  
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**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor or Direct Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
(Passed through Ohio Department of Education)						
Nutrition Cluster:						
Food Distribution Program		10.550		\$81,420		\$77,461
School Breakfast Program	044099 05-PU 00,01	10.553	\$10,640		\$10,640	
National School Lunch Program	044099 P1&P4,00,01	10.555	212,035		212,035	
<b>Total U.S. Department of Agriculture - Nutrition Cluster</b>			222,675	81,420	222,675	77,461
<b>U.S. DEPARTMENT OF EDUCATION</b>						
(Passed through Ohio Department of Education)						
Adult Education - State Grant Program	044099 AB-S1 2000	84.002	5,715		10,721	
	044099 AB-S1 2000C	84.002	8,488		8,488	
	044099 AB-S1 2001	84.002	44,724		23,841	
Total Adult Education - State Grant Program			58,927		43,050	
Title I Grants to Local Educational Agencies	044099 C1-S1-2000	84.010	126,182		167,425	
	044099 C1-S1-2000C	84.010	52,045		52,045	
	044099 C1-S1-2001	84.010	168,475		122,346	
Total Title I Grants to Local Educational Agencies			346,702		341,816	
Special Education - Grants to States	044099 6B-SF 00	84.027	21,678		55,424	
	044099 6B-SF 01	84.027	194,739		165,923	
Total Special Education - Grants to States			216,417		221,347	
Vocational Education - Basic Grants to States	044099 2C-01-2000	84.048	7,114		7,894	
	044099 2C-01-2001	84.048	39,265		35,210	
Total Vocational Education - Basic Grants to States			46,379		43,104	
Goals 2000 - State and Local Education Systemic Improvement	044099 G2-RC 2000	84.276	50,000		8,674	
			50,000		8,674	
Innovative Education Program Strategy	044099-C2- S1 99 C	84.298			952	
	044099-C2- S1 2000	84.298	7,985		15,055	
	044099 C2- S1 2001	84.298	3,377		2,930	
Total - Innovative Education Program Strategy			11,362		18,937	
Eisenhower Professional Development State Grants	044099 MS-S1 1999	84.281			5,866	
	044099 MS-S1 2000	84.281	1,710		2,757	
	044099 MS-S1 2001	84.281	14,205		8,258	
Total Eisenhower Professional Development State Grant			15,915		16,881	
Safe & Drug Free School and Community - State Grants	044099-DR-S1 2000	84.186	1,610		4,901	
	044099-DR-S1 2001	84.186	4,567		6,920	
Total Safe & Drug Free School and Community - State Grants			6,177		11,821	
Reducing Class Size Grant	044099-CR-S1-2000	84.340	6,594		14,316	
	044099-CR-S1-2001	84.340	58,777		52,871	
Total Reducing Class Size Grant - State Grants			65,371		67,187	
REA Tutorial Assistance Grants	044099-RN-S2 2000	84.338	73,500		51,654	
Total REA Tutorial Assistance Grants- State Grants			73,500		51,654	
<b>Total U.S. Department of Education</b>			890,750		824,471	

GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR YEAR ENDED JUNE 30, 2001  
(Continued)

Federal Grantor/ Pass Through Grantor or Direct Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S.DEPARTMENT-NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>						
(Passed through State Library of Ohio)						
State Library Program - State Grant		45.310			4,061	
<b>U.S.DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
(Passed through Ohio Department of Mental )						
Retardation and Developmental Disabilities)						
Title XIX - Medical Assistance Program (CAFS)		93.778	4,520		4,520	
<b>Total Federal Assistance</b>			<u>\$1,117,945</u>	<u>\$81,420</u>	<u>\$1,055,727</u>	<u>\$77,461</u>

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. At June 30, 2001, the District had \$5,675 in donated food commodity inventory.

**NOTE C – NATIONAL SCHOOL LUNCH AND BREAKFAST PROGRAMS**

Monies are commingled with State grants and local monies. It is assumed federal monies are expended first.

**NOTE D – FEDERAL MONIES EXCLUDED FROM SCHEDULE**

The District received \$13,678 in services performed by the Darke County Educational Service Center from the federal Pre-School Program. These monies were excluded from the federal schedule of awards expenditures as they do not represent federal awards that the District has direct control over, but is limited to choice of participation.

**NOTE E - MATCHING REQUIREMENTS**

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

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JIM PETRO, AUDITOR OF STATE

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

Greenville City School District  
Darke County  
St. Clair Memorial Hall  
215 W. Fourth Street  
Greenville, Ohio 45331

To the Board of Education:

We have audited the financial statements of Greenville City School District (the School District), Darke County, as of and for the year ended June 30, 2001, and have issued our report thereon dated March 14, 2002, wherein we noted the School District changed its method of reporting from the cash basis of accounting to the reporting in accordance with accounting principles generally accepted in the United States of America and adopted Governmental Accounting Standards Board Statements 33, 34, 36, 37, 38 and Interpretation 6. 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 financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated March 14, 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the School District in a separate letter dated March 14, 2002.

Greenville City School District  
Darke County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

March 14, 2002





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

Greenville City School District  
Darke County  
St. Clair Memorial Hall  
215 W. Fourth Street  
Greenville, Ohio 45331

To the Board of Education:

**Compliance**

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

**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.

**Internal Control Over Compliance  
(Continued)**

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

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

**Jim Petro**  
Auditor of State

March 14, 2002

**GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY**

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

**1. SUMMARY OF AUDITOR'S RESULTS**

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

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

None.

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None.

GREENVILLE CITY SCHOOL DISTRICT  
DARKE COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2001

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <b><i>Explain:</i></b>
2000-10319-001	Ohio Administrative Code 117-2-01	Yes	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**GREENVILLE CITY SCHOOL DISTRICT**

**DARKE 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  
MAY 9, 2002**