



**Auditor of State
Betty Montgomery**

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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INDEPENDENT ACCOUNTANTS' REPORT

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Greeneview Local School District, Greene County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Greeneview Local School District, Greene County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 30, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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Betty Montgomery
Auditor of State

January 30, 2003

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**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$937,743	\$239,879	\$172,758	\$990,733
Cash and Cash Equivalents with Fiscal Agents		1,469		
Investments				
Receivables:				
Property Taxes	2,267,456		567,647	
Income Taxes	401,419			
Accounts	15,272			
Intergovernmental		14,271		
Accrued Interest	2,088			
Inventory of Supplies and Materials				
Inventory Held for Resale				
Restricted Cash and Cash Equivalents	76,238			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Long-Term Debt				
Amount to be Provided for Retirement of General Long-Term Debt				
Total Assets and Other Debits	3,700,216	255,619	740,405	990,733
Liabilities, Fund Equity and Other Credits				
Liabilities:				
Accounts Payable	52,601	337		2,165
Contracts Payable	6,342			23,626
Retainage Payable				281,503
Accrued Wages Payable	738,693	26,846		
Intergovernmental Payable	196,589	2,060		
Undistributed Monies				
Deferred Revenue	2,113,928	1,648	511,985	
Compensated Absences Payable	29,125			
Energy Conservation Bond				
General Obligation Bonds Payable				
Total Liabilities	3,137,278	30,891	511,985	307,294
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	323,509	43,193		905,115
Reserved for Property Taxes	214,349		55,662	
Reserved for Endowments				
Reserved for Budget Stabilization	76,238			
Unreserved:				
Undesignated (Deficit)	(51,158)	181,535	172,758	(221,676)
Total Fund Equity and Other Credits	562,938	224,728	228,420	683,439
Total Liabilities, Fund Equity and Other Credits	\$3,700,216	\$255,619	\$740,405	\$990,733

See Accompanying Notes to the General Purpose Financial Statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$25,671	\$67,578			\$2,434,362
				1,469
	258,420			258,420
				2,835,103
				401,419
	200			15,472
				14,271
				2,088
1,872				1,872
10,656				10,656
				76,238
20,933		\$16,745,211		16,766,144
			\$228,420	228,420
			9,602,007	9,602,007
<u>59,132</u>	<u>326,198</u>	<u>16,745,211</u>	<u>9,830,427</u>	<u>32,647,941</u>
1,750				56,853
				29,968
				281,503
19,336				784,875
15,659			73,290	287,598
	39,921			39,921
				2,627,561
8,673			652,137	689,935
			55,000	55,000
			9,050,000	9,050,000
<u>45,418</u>	<u>39,921</u>		<u>9,830,427</u>	<u>13,903,214</u>
		16,745,211		16,745,211
13,714				13,714
	8,300			1,280,117
				270,011
	273,168			273,168
				76,238
	4,809			86,268
<u>13,714</u>	<u>286,277</u>	<u>16,745,211</u>		<u>18,744,727</u>
<u>\$59,132</u>	<u>\$326,198</u>	<u>\$16,745,211</u>	<u>\$9,830,427</u>	<u>\$32,647,941</u>

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property Taxes	\$2,455,377		\$658,764			\$3,114,141
Income Taxes	767,468					767,468
Intergovernmental	5,764,698	\$590,166	70,017	\$55,820		6,480,701
Interest	49,494			63,705	\$148	113,347
Tuition and Fees	242,561					242,561
Rent	4,944					4,944
Extracurricular Activities		246,355				246,355
Gifts and Donations	1,500	2,000			10,539	14,039
Miscellaneous	14,378	5,412				19,790
Total Revenues	<u>9,300,420</u>	<u>843,933</u>	<u>728,781</u>	<u>119,525</u>	<u>10,687</u>	<u>11,003,346</u>
Expenditures:						
Current:						
Instruction:						
Regular	4,185,368	334,562		31,559		4,551,489
Special	686,276	227,063				913,339
Vocational	65,741					65,741
Other	34,944					34,944
Support Services:						
Pupils	646,589			27,263		673,852
Instructional Staff	352,673	71,402				424,075
Board of Education	97,872	1,653				99,525
Administration	1,008,276	89,540				1,097,816
Fiscal	251,111	3,027	10,197			264,335
Operation and Maintenance of Plant	750,776			8,979		759,755
Pupil Transportation	734,631					734,631
Central		1,975				1,975
Operation of Non-Instructional Services	8,064	14,346				22,410
Extracurricular Activities	189,195	134,534			2,000	325,729
Capital Outlay	9,835			2,882,466		2,892,301
Debt Service:						
Principal Retirement	55,000		287,000			342,000
Interest and Fiscal Charges	5,610		457,715			463,325
Total Expenditures	<u>9,081,961</u>	<u>878,102</u>	<u>754,912</u>	<u>2,950,267</u>	<u>2,000</u>	<u>13,667,242</u>
Excess of Revenues Over (Under) Expenditures	<u>218,459</u>	<u>(34,169)</u>	<u>(26,131)</u>	<u>(2,830,742)</u>	<u>8,687</u>	<u>(2,663,896)</u>
Other Financing Sources (Uses):						
Proceeds From the Sale of Fixed Assets	337					337
Total Other Financing Sources	<u>337</u>					<u>337</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	218,796	(34,169)	(26,131)	(2,830,742)	8,687	(2,663,559)
Fund Balances at Beginning of Year	348,990	258,897	254,551	3,514,181	4,422	4,381,041
Decrease in Reserve for Inventory	<u>(4,848)</u>					<u>(4,848)</u>
Fund Balances at End of Year	<u>\$562,938</u>	<u>\$224,728</u>	<u>\$228,420</u>	<u>\$683,439</u>	<u>\$13,109</u>	<u>\$1,712,634</u>

See Accompanying Notes to the General Purpose Financial Statements.

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**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$2,512,342	\$2,507,961	(\$4,381)			
Income Taxes	623,565	668,457	44,892			
Intergovernmental	5,968,467	5,842,733	(125,734)	\$557,457	\$548,308	(\$9,149)
Interest	78,000	49,910	(28,090)			
Tuition and Fees	285,600	147,761	(137,839)			
Rent	5,900	4,944	(956)			
Extracurricular Activities				257,000	246,318	(10,682)
Gifts and Donations		1,500	1,500		2,000	2,000
Miscellaneous	15,000	13,737	(1,263)	5,200	5,412	212
Total Revenues	9,488,874	9,237,003	(251,871)	819,657	802,038	(17,619)
Expenditures:						
Current:						
Instruction:						
Regular	4,171,428	4,186,565	(15,137)	383,726	325,702	58,024
Special	751,650	696,458	55,192	239,292	214,290	25,002
Vocational	75,000	69,818	5,182			
Other	75,000	34,944	40,056			
Support Services:						
Pupils	608,715	638,468	(29,753)			
Instructional Staff	342,705	355,837	(13,132)	53,829	49,909	3,920
Board of Education	114,372	99,989	14,383	1,653	1,653	
Administration	985,434	1,010,895	(25,461)	124,180	90,331	33,849
Fiscal	245,220	253,791	(8,571)		3,027	(3,027)
Operation and Maintenance of Plant	770,524	804,147	(33,623)			
Pupil Transportation	1,317,671	753,275	564,396			
Central				1,975	1,975	
Operation of Non-Instructional Services	8,200	8,573	(373)	14,563	14,388	175
Extracurricular Activities	174,100	191,728	(17,628)	93,563	157,203	(63,640)
Capital Outlay	4,000	170,025	(166,025)			
Debt Service:						
Principal Retirement	55,000	55,000				
Interest and Fiscal Charges	5,610	5,610				
Total Expenditures	9,704,629	9,335,123	369,506	912,781	858,478	54,303
Excess of Revenues Over (Under) Expenditures	(215,755)	(98,120)	117,635	(93,124)	(56,440)	36,684
Other Financing Source (Uses):						
Advances In						
Operating Transfers In				18,000		(18,000)
Advances Out	(10,000)		10,000			
Operating Transfers Out	(86,000)		86,000	(300)		300
Proceeds from the Sale of Fixed Assets	1,000	337	(663)			
Refund of Prior Year Expenditures		94,800	94,800		37	37
Refund of Prior Year Receipts				(18,112)	(18,112)	
Total Other Financing Sources (Uses)	(95,000)	95,137	190,137	(412)	(18,075)	(17,663)
Excess of Revenues and Other Financing Source Over (Under) Expenditures and Other Financing Uses	(310,755)	(2,983)	307,772	(93,536)	(74,515)	19,021
Fund Balances at Beginning of Year	582,051	582,051		238,152	238,152	
Prior Year Encumbrances Appropriated	60,776	60,776		32,965	32,965	
Fund Balances at End of Year	\$332,072	\$639,844	\$307,772	\$177,581	\$196,602	\$19,021

See Accompanying Notes to the General Purpose Financial Statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
Operating Revenues:			
Sales	\$262,726		\$262,726
Tuition	32,378		32,378
Interest		\$16,323	16,323
Contributions and Donations		27,491	27,491
Total Operating Revenues	<u>295,104</u>	<u>43,814</u>	<u>338,918</u>
Operating Expenses:			
Salaries and Wages	143,542		143,542
Fringe Benefits	63,036		63,036
Purchased Services	3,852		3,852
Materials and Supplies	33,584		33,584
Cost of Sales	163,805		163,805
Depreciation	2,333		2,333
Total Operating Expenses	<u>410,152</u>		<u>410,152</u>
Operating Income (Loss)	<u>(115,048)</u>	<u>43,814</u>	<u>(71,234)</u>
Non-Operating Revenues:			
Federal and State Subsidies	67,153		67,153
Federal Donated Commodities	25,957		25,957
Total Non-Operating Revenues	<u>93,110</u>		<u>93,110</u>
Net Income (Loss)	(21,938)	43,814	21,876
Retained Earnings/Fund Balance at Beginning of Year	<u>35,652</u>	<u>229,354</u>	<u>265,006</u>
Retained Earnings/Fund Balance at End of Year	<u>\$13,714</u>	<u>\$273,168</u>	<u>\$286,882</u>

See Accompanying Notes to the General Purpose Financial Statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET (NON-GAAP BUDGETARY BASIS) AND ACTUAL
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Type			Fiduciary Fund Type		
	Enterprise Funds			Non-Expendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Sales	\$261,750	\$262,726	\$976			
Tuition	30,000	32,378	2,378			
Federal and State Subsidies	78,250	67,153	(11,097)			
Interest				\$12,500	\$16,323	\$3,823
Contributions and Donations				2,500	27,491	24,991
Total Revenues	370,000	362,257	(7,743)	15,000	43,814	28,814
Expenses:						
Salaries and Wages	130,250	135,295	(5,045)			
Fringe Benefits	61,000	60,503	497			
Purchased Services	7,950	4,036	3,914			
Supplies and Materials	185,686	176,337	9,349			
Other	50		50	14,400	15,400	(1,000)
Capital Outlay	4,168	1,818	2,350			
Total Expenses	389,104	377,989	11,115	14,400	15,400	(1,000)
Excess of Revenues Over (Under) Expenses	(19,104)	(15,732)	3,372	600	28,414	27,814
Fund Equity at Beginning of Year	26,891	26,891		229,354	229,354	
Prior Year Encumbrances Appropriated	10,955	10,955				
Fund Equity at End of Year	\$18,742	\$22,114	\$3,372	\$229,954	\$257,768	\$27,814

See Accompanying Notes to the General Purpose Financial Statements.

**GREENEVUE LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Non-Expendable Trust	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$295,104		\$295,104
Cash Received from Contributions and Donations		\$27,491	27,491
Cash Payments for Employee Services and Benefits	(195,798)		(195,798)
Cash Payments to Suppliers for Goods and Services	(177,835)		(177,835)
Net Cash Provided By (Used In) Operating Activities	(78,529)	27,491	(51,038)
Cash Flows from Noncapital Financing Activities:			
Federal and State Subsidies	67,153		67,153
Cash Flows from Capital and Related Financing Activities:			
Acquisition of Capital Assets	(799)		(799)
Cash Flows from Investing Activities:			
Interest		16,323	16,323
Purchase of Investments		(27,466)	(27,466)
Cash Flows Provided By (Used In) Investing Activities:		(11,143)	(11,143)
Net Increase in Cash and Cash Equivalents	(12,175)	16,348	4,173
Cash and Cash Equivalents at Beginning of Year	37,846		37,846
Cash and Cash Equivalents at End of Year	\$25,671	\$16,348	\$42,019
Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Operating Income (Loss)	(\$115,048)	\$43,814	(\$71,234)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Depreciation	2,333		2,333
Donated Commodities Received	24,522		24,522
Nonexpendable Trust Fund Interest		(16,323)	(16,323)
Changes in Assets and Liabilities:			
Increase in Supplies Inventory	(1,234)		(1,234)
Increase in Inventory Held for Resale	(1,448)		(1,448)
Increase in Accounts Payable	1,566		1,566
Increase in Accrued Salaries Payable	1,524		1,524
Increase in Intergovernmental Payable	5,459		5,459
Increase in Compensated Absences Payable	3,797		3,797
Net Cash Provided By (Used In) Operating Activities	(\$78,529)	\$27,491	(\$51,038)
Reconciliation of Cash and Cash Equivalents of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents-All Fiduciary Funds		\$67,578	
Cash and Cash Equivalents-Expendable Trust and Agency Fund		(51,230)	
Cash and Cash Equivalents-Nonexpendable Trust Fund		\$16,348	

Non-cash Investing, Capital and Financing Activities:

During the year, the Food Service Enterprise Fund used materials and supplies inventory valued at \$24,522. This inventory was donated to the District and no cash payments were made to acquire the inventory. An expense for this usage was included in the Operating Loss of the fund and therefore, Donated Commodities must be recognized as an adjustment to reconcile to Net Cash Used In Operating Activities.

See Accompanying Notes to the General Purpose Financial Statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 82 non-certified employees, 106 certified full time teaching personnel, including 8 administrators, who provide services to 1,615 students and other community members. The School District currently operates 5 instructional/support facilities.

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 consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Greeneview Local School District, this includes general operations, food service, and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes. The School District does not have any component units.

The School District is associated with three jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 15 and 16 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Miami Valley Educational Computer Association (MVECA)
Southwestern Ohio Educational Purchasing Cooperative (SOEPC)
Greene County Career Center

Insurance Purchasing Pools:

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation
Group Rating Program
Southwestern Ohio Educational Purchasing Cooperative's Employee Benefit Plan Trust

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

Debt Service Fund

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

Capital Projects Funds

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Proprietary Fund Type:

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

Enterprise Funds

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

3. Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, other than those accounted for in the proprietary or trust funds.

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The proprietary funds and nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District does not have any contributed capital. Proprietary fund types and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary funds and nonexpendable trust fund.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include income tax, property taxes, grants, entitlements and donations. On an accrual basis, revenue from income tax 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 6). 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 non-exchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported as deferred revenue.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The special revenue funds grant activity that is administered by a fiscal agent is not budgeted by the School District. The primary level of budgetary control is at the fund, function and object level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Greene County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including the proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the combined balance sheet. During fiscal year 2002, investments were limited to repurchase agreements and certificates of deposit.

Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$49,494, which includes \$33,775 assigned from other School District funds.

The balance of various grant activity administered by the fiscal agent is presented on the combined balance sheet as "cash and cash equivalents with fiscal agents" and represents deposits.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with 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 initial maturity of more than three months are reported as investments.

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and non-food supplies and are expensed when used.

F. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

G. Fixed Assets and Depreciation

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

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

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

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. 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 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 employees after ten years of current service with the School District.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In the enterprise fund, the entire amount of compensated absences is reported as a fund liability.

I. Accrued Liabilities and Long-Term Obligations

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

J. Interfund Transactions

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

K. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, endowments, and budget stabilization.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for endowments signifies the legal restriction on the use of principal. The reserve for budget stabilization represents workers' compensation refunds required to be set-aside by statute to offset future deficits.

L. 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.

M. Total Columns on General Purpose Financial Statements

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

3. ACCOUNTABILITY

The DPIA Special Revenue Fund and the Latchkey Enterprise Fund had deficit fund balance/retained earnings of \$2,987 and \$2,305, respectively at June 30, 2002. The deficit in the special revenue fund was created by the application of generally accepted accounting principles. The deficit in the enterprise fund is the result of user charges not covering operational costs. The School District will continue to monitor this deficit and determine how to eliminate the deficit. The general fund is liable for the deficit in the special revenue fund and provides operating transfers when cash is needed, rather than when accruals occur.

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

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except in certain instances. These sections require that transfers from the general fund require a resolution passed by a simple majority of the board members. The District posted a transfer of funds totaling \$51,542 from the General Fund to the Debt Service Fund. Additionally, a receipt adjustment totaling \$55,758 was posted from the General Fund to the Debt Service Fund. Neither of these transfers of funds was approved by the Board of Education and these entries were reversed on the accompanying financial statements for the year ended June 30, 2002.

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the fiscal year and throughout the fiscal year, the District had budgetary expenditures that exceeded the appropriations at the fund level as well as the fund, function, and object level, which is the legal level of budgetary control adopted by the Board of Education. The following variances were noted:

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

3. ACCOUNTABILITY (Continued)

<u>Fund/ Function/Object</u>	<u>Amount Appropriated</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
As of June 30, 2002:			
Special Revenue Fund:			
District Managed Activity Fund	\$93,863	\$185,653	(\$91,790)
As of January 31, 2002:			
Special Revenue Funds:			
Title VI-B Fund	2,723	111,432	(108,709)
Raising the Bar/ Technology Literacy Challenge Grant Fund	0	100,000	(100,000)
Enterprise Fund:			
Latchkey Fund	0	14,768	(14,768)
As of February 28, 2002:			
Debt Service Fund/Repayment of Debt/Misc. General Fund/Operation and Maintenance of Plant/capital outlay	237,000	287,000	(50,000)
	30,093	47,073	(16,980)
As of May 31, 2002:			
District Managed Activity Fund/sports oriented/supplies and materials	13,665	54,475	(40,810)

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Budgetary Basis) and Actual - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget (Non-GAAP Budgetary Basis) and Actual - Enterprise Funds and Nonexpendable Trust Fund are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. The School District does not budget for activities of various grants administered by the fiscal agent who collects and holds the assets. However, the activities of the fiscal agent are included in the special revenue funds for GAAP reporting purposes.
5. For the enterprise fund, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

**Excess of Revenues and Other Financing Sources
Over (Under) Expenditures and Other Financing Uses
All Governmental Fund Types and Expendable Trust Fund**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$218,796	(\$34,169)	(\$26,131)	(\$2,830,742)	\$8,687
Revenue Accruals	31,383	(41,858)	13,657	0	(200)
Expenditure Accruals	120,974	74,428	0	(633,047)	0
Non-budgeted Activity	0	(29,638)	0	0	0
Encumbrances	(374,136)	(43,278)	0	(918,037)	(8,300)
Budget Basis	<u>(\$2,983)</u>	<u>(\$74,515)</u>	<u>(\$12,474)</u>	<u>(\$4,381,826)</u>	<u>\$187</u>

**Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type and Nonexpendable Trust Fund**

	<u>Enterprise</u>	<u>Nonexpendable</u>
GAAP Basis	(\$21,938)	\$43,814
Revenue Accruals	(25,957)	0
Expense Accruals	32,123	0
Supplies Inventory	617	0
Inventory Held for Resale	1,448	0
Acquisition of Fixed Assets	(799)	0
Depreciation Expense	2,333	0
Encumbrances	(3,559)	(15,400)
Budget Basis	<u>(\$15,732)</u>	<u>\$28,414</u>

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS

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

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

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

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

Inactive monies are permitted to be deposited or invested in the following securities:

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes debentures, or any other obligations or security issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) 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;
6. The State Treasurer's investment pool (STAR Ohio); and

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

Investments in stripped principal or interest obligation, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Cash on Hand: At fiscal year end, the School District had \$418 in undeposited cash in hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The "cash and cash equivalents with fiscal agent" of \$1,469 shown in the special revenue funds is maintained by the Greene County Educational Service Center. GASB 3 disclosures regarding this amount can be obtained from their annual report.

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,406,526 and the bank balance was \$1,670,473. Of the bank balance:

- a. \$200,000 was covered by federal depository insurance
- b. \$1,470,473 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

The School District's investments at year end included a repurchase agreement and federal agency instruments. The repurchase agreement is a Category 3 investment, with a carrying value and a fair value of \$375,658. The federal agency instruments are a Category 2 investment, with a fair value of \$986,418.

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

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

5. DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$2,512,069	\$258,420
Cash on Hand	(418)	
Cash with Fiscal Agent	(1,469)	
Investments:		
Certificates of Deposit	258,420	(258,420)
Repurchase Agreement	(375,658)	375,658
Federal Agency Instruments	(986,418)	986,418
GASB Statement 3	\$1,406,526	\$1,362,076

6. PROPERTY TAXES

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

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, 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. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002, and are collected in 2002 with real property taxes.

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

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

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

6. PROPERTY TAXES (Continued)

Assessed values upon which fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$111,473,830	89.33%	\$114,607,160	90.00%
Public Utility	12,360	0.01	12,360	.01
Tangible Personal Property	13,296,357	10.66	13,086,260	9.99
Total Assessed Value	<u>\$124,782,547</u>	<u>100.00%</u>	<u>\$127,705,780</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$38.90		\$38.90	

The School District receives property taxes from Greene County. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount 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. The amount available as an advance at June 30, 2002 was \$270,011. \$214,349 was available to the general fund and \$55,662 was available to the bond retirement fund.

7. INCOME TAX

The School District levies a voted tax of ½ percent for general operations on the income of residents and of estates. The tax was effective on 1/1/91, and is a continuing tax. Effective January 1, 2002, the residents voted an additional ½ percent income tax for a five-year period. 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.

8. RECEIVABLES

Receivables at June 30, 2002, consisted of property taxes and income taxes, accounts, interest and intergovernmental grants. All receivables are considered collectible in full. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
Special Revenue Funds:	
Eisenhower Grant	\$208
Title VI-B	1,440
Title I	12,623
Total Intergovernmental Receivables	<u>\$14,271</u>

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

9. FIXED ASSETS

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

Furniture and Equipment	\$151,371
Less Accumulated Depreciation	<u>(130,438)</u>
Net Fixed Assets	<u>\$20,933</u>

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

<u>Asset Category</u>	<u>Balance at 7/1/01</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance at 6/30/02</u>
Land and Improvements	\$727,050	\$6,115	\$0	\$733,165
Buildings	2,832,678	9,464,726	0	12,297,404
Furniture, Fixtures and Equipment	1,390,634	142,925	11,632	1,521,927
Vehicles	1,553,839	0	0	1,553,839
Educational Media	638,876	0	0	638,876
Construction In Progress	5,919,784	0	5,919,784	0
Total General Fixed Assets	<u>\$13,062,861</u>	<u>\$9,613,766</u>	<u>\$5,931,416</u>	<u>\$16,745,211</u>

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Nationwide Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Property is protected by Indiana Insurance Company and holds a \$500 deductible.

The School District's vehicles are covered under a business policy with Indiana Insurance Company which carries a \$1,000,000 limit on any accident.

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

For fiscal year 2002, the School District participated in the Southwest Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 16). 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 Incorporated provides administrative, cost control and actuarial services to the GRP.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the Greeneview Local School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 2002, 5.46 percent was the portion to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS' Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$86,078, \$37,241, and \$55,642, respectively, 54.74 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$38,959 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2002, plan members are required to contribute 9.3 percent of their annual covered salary. Greeneview Local School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. This remains unchanged from the prior year. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$431,072, \$419,565, and \$228,616 respectively, 84.11 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$68,499 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

12. 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefits recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS board currently allocates employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$204,191 during 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 billion at June 30, 2001 (the latest information available). For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$141,329.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is not 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 240 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days.

B. Health Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Horace Mann Company. The School District has elected to provide employee medical/surgical benefits through United Health Care of Ohio. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental insurances is provided by the School District to most employees through the Southwestern Ohio Educational Purchasing Cooperative's Employee Benefit Plan Trust. See Note 16.

14. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
Energy Conservation Bonds				
1993 5.10%	\$110,000	\$0	\$55,000	\$55,000
School Bus Bonds				
1998 5.00%	212,000	0	102,000	110,000
School Improvement Bonds				
1999 3.4 to 5.75%	9,125,000	0	185,000	8,940,000
Total Long-Term Debt	9,447,000	0	342,000	9,105,000
Intergovernmental Payable	74,056	73,290	74,056	73,290
Compensated Absences	707,347	0	55,210	652,137
Total General Long-Term Obligations	<u>\$10,228,403</u>	<u>\$73,290</u>	<u>\$471,266</u>	<u>\$9,830,427</u>

A. Energy Conservation Bonds

On July 1, 1993, Greeneview Local School District issued \$550,000 in unvoted general obligation bonds for the purpose of providing energy conservation measures for Greeneview Local School District under authority of the Ohio Revised Code section 133.06(G) and 3313.372. The bonds were issued for a ten year period with final maturity during fiscal year 2003 and the debt will be retired through the savings of the energy conservation measures.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

14. LONG-TERM OBLIGATIONS

B. School Bus Bonds

On June 1, 1998, the Greeneview Local School District issued \$500,000 in unvoted general obligation bonds for the purpose of acquiring school buses. The bonds were issued for a five year period with a final maturity on April 15, 2003.

C. School Improvement Bonds

On May 1, 1999, the Greeneview Local School District issued \$9,500,000 in voted general obligation bonds for the purpose of constructing a new high school and purchasing land to do so. The bonds were issued for a twenty-eight year period with a final maturity date of December 1, 2026.

All general obligation debt is supported by the full faith and credit of the School District. The Energy Conservation Bond will be paid from the General Fund while the School Bus Bonds and School Improvement Bonds will be paid from the Debt Service Fund. Compensated absences and the intergovernmental payable will be paid from the fund from which the employees' salaries are paid. The School District's overall debt margin was \$2,833,578, the energy conservation debt margin was \$1,094,352 and the unvoted debt margin was \$127,706 at June 30, 2002.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002, are as follows:

<u>Fiscal year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$360,000	\$448,293	\$808,293
2004	200,000	432,333	632,333
2005	210,000	424,183	634,183
2006	220,000	415,473	635,473
2007	225,000	406,238	631,238
2008-2012	1,290,000	1,865,806	3,155,806
2013-2017	1,680,000	1,463,877	3,143,877
2018-2022	2,160,000	970,048	3,130,048
2023-2027	2,760,000	358,250	3,118,250
Total	<u>\$9,105,000</u>	<u>\$6,784,701</u>	<u>\$15,889,701</u>

15. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$16,987 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

15. JOINTLY GOVERNED ORGANIZATIONS

Southwestern Ohio Educational Purchasing Cooperative - The Southwestern Ohio Educational Purchasing Cooperative (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations. Payments to SOEPC are made from the General Fund. Payments made to SOEPC during the 2002 fiscal year were \$943. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Cooperative, Robert Brown, who serves as Director, 1831 Harshman Road, Dayton, Ohio 45424.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Steve Sutcliffe, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. The Greeneview Local School District did not contribute any money to the Greene County Career Center during the 2002 fiscal year.

16. INSURANCE PURCHASING POOLS

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program - The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a 11 member Board of directors. The Executive Director of the GRP, or his designee, serves as 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.

Southwestern Ohio Educational Purchasing Cooperative's Employee Benefit Plan Trust - The EPC Benefit Plan Trust is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the pool is for members to pool funds or resources to purchase insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently. Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross Blue Shield or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a dental plan administered by CoreSource. The plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating member districts. In fiscal year 2002, Greeneview Local School District contributed \$704,876 which represented 1.334% of total contributions to the Trust. Financial information can be obtained from Barbara Coriell, who serves as administrator, at EPC Benefits Office, 1831 Harshman Road, Dayton, OH 45424.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

17. SEGMENT INFORMATION

	<u>Food Service</u>	<u>Latchkey</u>	<u>Total</u>
Operating Revenues	\$262,726	\$32,378	\$295,104
Operating Expenses Before Depreciation	373,136	34,683	407,819
Depreciation	2,333	0	2,333
Federal Grants	67,153	0	67,153
Operating Loss	(112,743)	(2,305)	(115,048)
Other Non-Operating Revenues	25,957	0	25,957
Net Loss	(19,633)	(2,305)	(21,938)
Net Working Capital (Deficit)	(4,914)	(2,305)	(7,219)
Total Assets	58,837	295	59,132
Total Fund Equity (Deficit)	16,019	(2,305)	13,714
Encumbrances	3,559	0	3,559

18. SET ASIDE CALCULATIONS AND FUND RESERVES

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 School District is also required to set aside money for budget stabilization.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Reserve Balance as of June 30, 2001	(\$22,197)	\$70,617	\$76,238	\$124,658
Current Year Offsets	0	0	0	0
Current Year Set-aside Requirement	180,919	180,919	0	361,838
Qualifying Disbursements	(283,990)	(3,866,667)	0	(4,150,657)
Total	<u>(\$125,268)</u>	<u>(\$3,615,131)</u>	<u>\$76,238</u>	<u>(\$3,664,161)</u>
Qualifying Carryover Amount to FY 2003	(125,268)	(632,115)		<u>(757,383)</u>
Total Restricted Assets				<u>\$76,238</u>

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbook set-aside amounts below zero. This extra amount may be used to reduce set-aside requirements in future fiscal years. Qualifying Carryover amount to fiscal year 2003 cannot exceed (\$632,115) for the capital acquisition set-aside.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

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

19. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

The School District is party to no legal proceedings.

20. SCHOOL FUNDING COURT DECISION

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

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

21. SUBSEQUENT EVENT

In August, 2002, the School District entered into a lease-purchase financing agreement through the Ohio Association of School Business Officials (OASBO) expanded asset pooled financing program. This agreement provided for the acquisition of nine school buses totaling \$484,000. The agreement indicates that the District will repay these funds over a five year period.

GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>(Passed Through Ohio Department of Education)</i>						
Nutrition Cluster						
Food Distribution	10.550	N/A		\$25,911		\$24,336
National School Lunch Program	10.555	LL-P4	\$63,714		\$63,714	
Total United States Department of Agriculture - Nutrition Cluster			63,714	25,911	63,714	24,336
UNITED STATES DEPARTMENT OF EDUCATION						
<i>(Passed Through Ohio Department of Education)</i>						
Title I Grants to Local Education Agencies	84.010	C1-S1	102,334		100,179	
Special Education Cluster:						
Special Education Grants to States <i>(Passed through Greene County Educational Service Center)</i>	84.027	6B-SF	121,168		119,999	
Special Education Grants to States		N/A	1,748		1,244	
Total Special Grants to States			122,916		121,243	
Special Education - Preschool Grant	84.173	N/A	27,485		28,324	
Total Special Education Cluster			150,401		149,567	
<i>(Passed Through Ohio Department of Education)</i>						
Safe and Drug Free Schools and Communities -- State Grants	84.186	DR-S1	6,315		6,315	
Goals 2000 -- State and Local Education Systemic Improvement <i>(Passed through Greene County Educational Service Center)</i>	84.276	G2-S2			16,644	
Goals 2000 -- State and Local Education Systemic Improvement					2,478	
Total State and Local Education Systemic Improvement					19,122	
<i>(Passed Through Ohio Department of Education)</i>						
Eisenhower Professional Development State Grants <i>(Passed through Greene County Educational Service Center)</i>	84.281	MS-S1	7,221		7,898	
Eisenhower Professional Development State Grants		N/A			1,862	
Total Eisenhower Professional Development State Grants			7,221		9,760	
<i>(Passed Through Ohio Department of Education)</i>						
Innovative Education Program Strategies	84.298	C2-S1	8,322		8,789	
Class Size Reduction Subsidy	84.340	CR-S1	39,579		27,561	
Technology Literacy Challenge Funds Grant	84.318	TF-51 TF-52 TF-53	100,000 75,000 25,000		100,000 75,000 3,352	
Total Literacy Challenge Funds Grant			200,000		178,352	
Assistive Technology Infusion	84.352	AT-S1	3,231		3,231	
Total United States Department of Education			517,403		502,876	
UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>(Passed Through Greene County Educational Service Center)</i>						
Medical Assistance Program	93.778		2,245		2,245	
Total Federal Assistance			\$583,362	\$25,911	\$568,835	\$24,336

See accompanying notes to the Schedule of Federal Awards Receipts and Expenditures.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Monies are commingled with State grants. It is assumed Federal monies are expended first. At June 30, 2002, the District had food commodities valued at \$5,705.

NOTE C - MATCHING REQUIREMENTS

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

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**Auditor of State
Betty Montgomery**

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

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

We have audited the financial statements of Greeneview Local School District, Greene County, (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated January 30, 2003. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under Government Auditing Standards which are described in the accompanying schedule of findings as item 2002-10329-001 and 2002-10329-002. We also noted an immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 30, 2003.

Internal Control Over Financial Reporting

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

Greeneview Local School District
Greene County
Independent Accountants' Report 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.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

Betty Montgomery
Auditor of State

January 30, 2003



**Auditor of State
Betty Montgomery**

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

Greeneview Local School District
Greene County
4 South Charleston Road
Jamestown, Ohio 45335

To the Board of Education:

Compliance

We have audited the compliance of Greeneview Local School District (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The District's major federal program is identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

Internal Control Over Compliance

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

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



Betty Montgomery
Auditor of State

January 30, 2003

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.501
FOR THE YEAR ENDED JUNE 30, 2002**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Technology Literacy Challenge Funds Grant CFDA #84.318
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2002-10329-001

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During the fiscal year and throughout the fiscal year, the District had budgetary expenditures that exceeded the appropriations at the fund level as well as the fund, function, and object level, which is the legal level of budgetary control adopted by the Board of Education. The following variances were noted:

<u>Fund/ Function & Object</u>	<u>Amount Appropriated</u>	<u>Budgetary Expenditures</u>	<u>Variance</u>
As of June 30, 2002:			
Special Revenue Fund:			
District Managed Activity Fund	\$93,863	\$185,653	(\$91,790)
As of January 31, 2002:			
Special Revenue Funds:			
Title VI-B Fund	2,723	111,432	(108,709)
Raising the Bar/ Technology Literacy Challenge Grant Fund	0	100,000	(100,000)
Enterprise Fund:			
Latchkey Fund	0	14,768	(14,768)
As of February 28, 2002:			
Debt Service Fund/repayment of debt/misc.	237,000	287,000	(50,000)
General Fund/Operation and maintenance of plant/capital outlay	30,093	47,073	(16,980)
As of May 31, 2002:			
District Managed Activity Fund/sports oriented/supplies and materials	13,665	54,475	(40,810)

The District should develop and implement procedures to properly monitor its budgetary activity as it relates to appropriations and expenditures at the legal level of budgetary control. This will enable the District to comply with budgetary requirements and to monitor whether appropriations are sufficient to meet projected needs.

FINDING NUMBER 2002-10329-002

Ohio Rev. Code Sections 5705.14, 5705.15 and 5705.16 states that no transfer can be made from one fund of a subdivision to any other fund, except in certain instances. These sections state that transfers from the general fund require a resolution passed by a simple majority of the board members.

The District posted a transfer of funds totaling \$51,542 from the General Fund to the Debt Service Fund. Additionally, a receipt adjustment totaling \$55,758 was posted from the General Fund to the Debt Service Fund. Neither of these transfers of funds were approved by the Board of Education and these entries were reversed on the accompanying financial statements for the year ended June 30, 2002. The District should implement procedures to provide for Board of Education approval of all fund transfers.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARD

None

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
FOR THE YEAR ENDED JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2001-10329-001	Ohio Rev. Code Section 5705.41 (B) Budgetary expenditures exceeding appropriations	No	Repeated in FY 2002 See finding 2002-10329-001



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GREENEVIEW LOCAL SCHOOL DISTRICT

GREENE 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
FEBRUARY 25, 2003**