



**GREEN LOCAL SCHOOL DISTRICT  
SCIOTO COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**



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

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**STATE OF OHIO**



## TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants .....	1
Combined Balance Sheet - All Fund Types and Account Groups .....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund .....	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund .....	10
Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund .....	13
Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Enterprise Fund .....	14
Statement of Cash Flows - Enterprise Fund .....	15
Notes to the General Purpose Financial Statements .....	16
Schedule of Federal Awards Receipts and Expenditures .....	36
Notes to the Schedule of Federal Awards Receipts and Expenditures ..	37
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	39
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133 .....	41
Schedule of Findings - <i>OMB Circular A-133 § .505</i> .....	43
Corrective Action Plan - <i>OMB Circular A-133 § .315(c)</i> .....	45

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STATE OF OHIO  
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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Green Local School District, Scioto County, Ohio, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Green Local School District, Scioto County, as of June 30, 1999, and the results of its operations and the cash flows of its Enterprise Fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the general purpose financial statements, during 1999 the School District implemented Governmental Accounting Standards Board Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 31, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, stylized flourish at the end.

**Jim Petro**  
Auditor of State

January 31, 2000

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**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1999**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$470,619	\$143,836	\$90,708	\$2,303
Receivables:				
Taxes	1,792,865	0	0	0
Accounts	350	0	0	0
Intergovernmental	2,900	0	0	0
Interfund Receivable	10,667	0	0	0
Prepaid Items	3,139	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	9,002	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	83,193	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$2,372,735</b>	<b>\$143,836</b>	<b>\$90,708</b>	<b>\$2,303</b>

*See accompanying notes to the general purpose financial statements.*



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$3,704	\$0	\$0	\$711,170
0	0	0	0	1,792,865
0	0	0	0	350
12,286	0	0	0	15,186
0	0	0	0	10,667
0	0	0	0	3,139
4,833	0	0	0	4,833
335	0	0	0	9,337
0	0	0	0	83,193
8,845	0	951,600	0	960,445
0	0	0	140,057	140,057
<b>\$26,299</b>	<b>\$3,704</b>	<b>\$951,600</b>	<b>\$140,057</b>	<b>\$3,731,242</b>

(continued)

**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1999**  
**(Continued)**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$30,562	\$1,507	\$0	\$0
Accrued Wages and Benefits	298,006	67,429	0	0
Compensated Absences Payable	1,645	0	0	0
Interfund Payable	0	8,378	0	0
Intergovernmental Payable	86,172	9,309	0	0
Deferred Revenue	1,744,788	0	0	0
Undistributed Monies	0	0	0	0
	-----	-----	-----	-----
Total Liabilities	2,161,173	86,623	0	0
	-----	-----	-----	-----
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	44,326	4,306	0	4,019
Reserved for Inventory	9,002	0	0	0
Reserved for Property Taxes	48,077	0	0	0
Reserved for Budget Stabilization	61,774	0	0	0
Reserved for Bus Purchases	21,419	0	0	0
Unreserved:				
Undesignated (Deficit)	26,964	52,907	90,708	(1,716)
	-----	-----	-----	-----
Total Fund Equity (Deficit) and Other Credits	211,562	57,213	90,708	2,303
	-----	-----	-----	-----
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$2,372,735</b>	<b>\$143,836</b>	<b>\$90,708</b>	<b>\$2,303</b>
	=====	=====	=====	=====

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$153	\$1,451	\$0	\$0	\$33,673
18,797	0	0	0	384,232
2,191	0	0	105,395	109,231
2,289	0	0	0	109,231
9,439	0	0	34,662	109,231
3,250	0	0	0	109,231
0	1,253	0	0	109,231
-----	-----	-----	-----	-----
36,119	2,704	0	140,057	1,728,677
-----	-----	-----	-----	-----
0	0	951,600	0	109,231
(9,820)	0	0	0	109,231
0	0	0	0	109,231
0	0	0	0	109,231
0	0	0	0	109,231
0	0	0	0	109,231
0	0	0	0	109,231
0	1,000	0	0	109,231
-----	-----	-----	-----	-----
(9,820)	1,000	951,600	0	1,310,772
-----	-----	-----	-----	-----
<b>\$26,299</b>	<b>\$3,704</b>	<b>\$951,600</b>	<b>\$140,057</b>	<b>\$3,039,449</b>
=====	=====	=====	=====	=====

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**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, 1999**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property Taxes	\$1,508,076	\$0	\$0	\$0	\$0	\$1,508,076
Intergovernmental	2,070,734	620,434	0	0	0	2,691,168
Interest	19,425	0	0	0	0	19,425
Tuition and Fees	2,145	0	0	0	0	2,145
Rent	50	0	0	0	0	50
Extracurricular Activities	0	52,058	0	0	0	52,058
Gifts and Donations	2,556	4,559	0	0	1,000	8,115
Customer Service	0	50	0	0	0	50
Miscellaneous	2,661	197	0	0	0	2,858
<b>Total Revenues</b>	<b>3,605,647</b>	<b>677,298</b>	<b>0</b>	<b>0</b>	<b>1,000</b>	<b>4,283,945</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	1,407,227	239,396	0	70,445	0	1,717,068
Special	264,943	241,289	0	0	0	506,232
Vocational	105,061	1,474	0	0	0	106,535
Adult/Continuing	0	0	0	0	1,000	1,000
Other	4,265	0	0	0	0	4,265
Support Services:						
Pupils	152,800	505	0	0	0	153,305
Instructional Staff	124,511	48,022	0	0	0	172,533
Board of Education	11,921	0	0	0	0	11,921
Administration	282,774	17,930	0	0	0	300,704
Fiscal	175,973	7,177	0	0	0	183,150
Operation and Maintenance of Plant	391,796	19,995	0	0	0	411,791
Pupil Transportation	404,058	0	0	0	0	404,058
Central	1,195	0	0	0	0	1,195
Extracurricular Activities	27,176	36,950	0	0	0	64,126
Intergovernmental	0	28,125	0	0	0	28,125
<b>Total Expenditures</b>	<b>3,353,700</b>	<b>640,863</b>	<b>0</b>	<b>70,445</b>	<b>1,000</b>	<b>4,066,008</b>
Excess of Revenues Over (Under) Expenditures	251,947	36,435	0	(70,445)	0	217,937
<b>Other Financing Sources (Uses):</b>						
Operating Transfers - In	46,627	59,205	0	0	0	105,832
Operating Transfers - Out	(59,205)	(46,627)	0	0	0	(105,832)
<b>Total Other Financing Sources (Uses)</b>	<b>(12,578)</b>	<b>12,578</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	239,369	49,013	0	(70,445)	0	217,937
Fund Balances (Deficit) at Beginning of Year	(25,569)	8,200	90,708	72,748	1,000	147,087
Decrease in Reserve for Inventory	(2,238)	0	0	0	0	(2,238)
<b>Fund Balances at End of Year</b>	<b>\$211,562</b>	<b>\$57,213</b>	<b>\$90,708</b>	<b>\$2,303</b>	<b>\$1,000</b>	<b>\$362,786</b>

See accompanying notes to the general purpose financial statements

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$0	\$1,542,928	\$1,542,928	\$0	\$0	\$0
Intergovernmental	0	2,098,336	2,098,336	0	592,309	592,309
Interest	0	19,425	19,425	0	0	0
Tuition and Fees	0	2,415	2,415	0	0	0
Rent	0	50	50	0	0	0
Extracurricular Activities	0	0	0	0	52,701	52,701
Gifts and Donations	0	2,556	2,556	0	4,559	4,559
Customer Services	0	0	0	0	50	50
Miscellaneous	0	4,572	4,572	0	0	0
<b>Total Revenues</b>	<b>0</b>	<b>3,670,282</b>	<b>3,670,282</b>	<b>0</b>	<b>649,619</b>	<b>649,619</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	0	1,393,621	(1,393,621)	0	230,981	(230,981)
Special	0	253,705	(253,705)	0	240,233	(240,233)
Vocational	0	101,874	(101,874)	0	1,474	(1,474)
Adult/Continuing	0	0	0	0	0	0
Other	0	11,863	(11,863)	0	0	0
Support Services:						
Pupils	0	163,587	(163,587)	0	60	(60)
Instructional Staff	0	123,505	(123,505)	0	44,684	(44,684)
Board of Education	0	11,675	(11,675)	0	0	0
Administration	0	275,254	(275,254)	0	19,892	(19,892)
Fiscal	0	175,349	(175,349)	0	7,161	(7,161)
Operation and Maintenance of Plant	0	388,661	(388,661)	0	19,607	(19,607)
Pupil Transportation	0	399,665	(399,665)	0	0	0
Central	0	1,195	(1,195)	0	0	0
Extracurricular Activities	0	27,367	(27,367)	0	39,613	(39,613)
<b>Total Expenditures</b>	<b>0</b>	<b>3,327,321</b>	<b>(3,327,321)</b>	<b>0</b>	<b>603,705</b>	<b>(603,705)</b>
Excess of Revenues Over (Under) Expenditures	0	342,961	342,961	0	45,914	45,914
<b>Other Financing Sources (Uses):</b>						
Refund of Prior Year Expenditures	0	197	197	0	197	197
Operating Transfers - In	0	323,169	323,169	0	45,556	45,556
Operating Transfers - Out	0	(335,747)	(335,747)	0	(32,978)	(32,978)
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>(12,381)</b>	<b>(12,381)</b>	<b>0</b>	<b>12,775</b>	<b>12,775</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	330,580	330,580	0	58,689	58,689
Fund Balances at Beginning of Year	0	164,009	164,009	0	70,161	70,161
Prior Year Encumbrances Appropriated	0	15,471	15,471	0	2,277	2,277
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$0</b>	<b>\$510,060</b>	<b>\$510,060</b>	<b>\$0</b>	<b>\$131,127</b>	<b>\$131,127</b>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
0	0	0	0	72,749	72,749	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000	1,000
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	72,749	72,749	0	1,000	1,000
0	0	0	0	74,465	(74,465)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	1,000	(1,000)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	74,465	(74,465)	0	1,000	(1,000)
0	0	0	0	(1,716)	(1,716)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	(1,716)	(1,716)	0	0	0
0	90,708	90,708	0	0	0	0	1,000	1,000
0	0	0	0	0	0	0	0	0
<b>\$0</b>	<b>\$90,708</b>	<b>\$90,708</b>	<b>\$0</b>	<b>(\$1,716)</b>	<b>(\$1,716)</b>	<b>\$0</b>	<b>\$1,000</b>	<b>\$1,000</b>

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

	<b>Totals (Memorandum Only)</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property Taxes	\$0	\$1,542,928	\$1,542,928
Intergovernmental	0	2,763,394	2,763,394
Interest	0	19,425	19,425
Tuition and Fees	0	2,415	2,415
Rent	0	50	50
Extracurricular Activities	0	52,701	52,701
Gifts and Donations	0	8,115	8,115
Customer Services	0	50	50
Miscellaneous	0	4,572	4,572
	-----	-----	-----
Total Revenues	0	4,393,650	4,393,650
	-----	-----	-----
<b>Expenditures:</b>			
Current:			
Instruction:			
Regular	0	1,699,067	(1,699,067)
Special	0	493,938	(493,938)
Vocational	0	103,348	(103,348)
Adult/Continuing	0	1,000	(1,000)
Other	0	11,863	(11,863)
Support Services:			
Pupils	0	163,647	(163,647)
Instructional Staff	0	168,189	(168,189)
Board of Education	0	11,675	(11,675)
Administration	0	295,146	(295,146)
Fiscal	0	182,510	(182,510)
Operation and Maintenance of Plant	0	408,268	(408,268)
Pupil Transportation	0	399,665	(399,665)
Central	0	1,195	(1,195)
Extracurricular Activities	0	66,980	(66,980)
	-----	-----	-----
Total Expenditures	0	4,006,491	(4,006,491)
	-----	-----	-----
Excess of Revenues Over (Under) Expenditures	0	387,159	387,159
	-----	-----	-----
<b>Other Financing Sources (Uses):</b>			
Refund of Prior Year Expenditures	0	394	394
Operating Transfers - In	0	368,725	368,725
Operating Transfers - Out	0	(368,725)	(368,725)
	-----	-----	-----
Total Other Financing Sources (Uses)	0	394	394
	-----	-----	-----
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	387,553	387,553
	-----	-----	-----
Fund Balances at Beginning of Year	0	325,878	325,878
	-----	-----	-----
Prior Year Encumbrances Appropriated	0	17,748	17,748
	-----	-----	-----
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$0</b>	<b>\$731,179</b>	<b>\$731,179</b>
	=====	=====	=====



**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN RETAINED EARNINGS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>Food Service</b>
<b>Operating Revenues:</b>	
Sales	\$80,549
Other Revenues	84
	-----
Total Operating Revenues	80,633
	-----
<b>Operating Expenses:</b>	
Salaries	83,664
Fringe Benefits	46,215
Purchased Services	5,256
Materials and Supplies	6,740
Cost of Sales	88,332
Depreciation	3,895
Other	3,224
	-----
Total Operating Expenses	237,326
	-----
Operating Loss	(156,693)
	-----
<b>Non-Operating Revenues:</b>	
Federal Donated Commodities	17,417
Federal and State Subsidies	119,020
	-----
Total Non-Operating Revenues	136,437
	-----
Net Loss	(20,256)
	-----
Retained Earnings at Beginning of Year	10,436
	-----
<b>Retained Earnings (Deficit) at End of Year</b>	<b>(\$9,820)</b>
	=====

*See accompanying notes to the general purpose financial statements*

**STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>Food Service</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$0	\$92,283	\$92,283
Other Revenues	0	84	\$84
Federal and State Subsidies	0	106,734	\$106,734
	-----	-----	-----
Total Revenues	0	199,101	\$199,101
	-----	-----	-----
<b>Expenses:</b>			
Salaries	0	73,589	(73,589)
Fringe Benefits	0	55,815	(55,815)
Purchased Services	0	5,256	(5,256)
Materials and Supplies	0	77,422	(77,422)
Other	0	4,006	(4,006)
Capital Outlay	0	1,200	(1,200)
	-----	-----	-----
Total Expenses	0	217,288	(217,288)
	-----	-----	-----
Excess of Revenues Under Expenses	0	(18,187)	(\$18,187)
Fund Equity at Beginning of Year	0	13,111	\$13,111
Prior Year Encumbrances Appropriated	0	2,223	\$2,223
	-----	-----	-----
<b>Fund Equity (Deficit) at End of Year</b>	<b>\$0</b>	<b>(\$2,853)</b>	<b>(\$2,853)</b>
	=====	=====	=====

*See accompanying notes to the general purpose financial statements*

**STATEMENT OF CASH FLOWS  
ENTERPRISE FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<b>Increase (Decrease) in Cash and Cash Equivalents:</b>	<u><b>Food Service</b></u>
<b>Cash Flows from Operating Activities:</b>	
Cash Received from Customers	\$92,283
Cash Received from Other Operating Receipts	84
Cash Payments to Suppliers for Goods and Services	(83,314)
Cash Payments to Employees for Services	(73,589)
Cash Payments for Employee Benefits	(55,815)
Cash Payments for Other Operating Expenses	(4,006)
	-----
Net Cash Used for Operating Activities	(124,357)
	-----
<b>Cash Flows from Noncapital Financing Activities:</b>	
Operating Grants Received	106,734
Short-term Loan from Other Funds	2,289
	-----
Net Cash Provided by Noncapital Financing Activities	109,023
	-----
Net Decrease in Cash and Cash Equivalents	(15,334)
	-----
Cash and Cash Equivalents at Beginning of Year	15,334
	-----
Cash and Cash Equivalents at End of Year	\$0
	=====
 <b>Reconciliation of Operating Loss to Net</b>	
<b>Cash Used for Operating Activities:</b>	
Operating Loss	(\$156,693)
	-----
<b>Adjustments to Reconcile Operating</b>	
<b>Loss to Net Cash Used for Operating Activities</b>	
Depreciation	3,895
Donated Commodities Used During Year	17,417
<b>Changes in Assets and Liabilities:</b>	
Decrease in Intergovernmental Receivables	11,734
Increase in Materials and Supplies Inventory	(89)
Increase in Inventory Held for Resale	(467)
Decrease in Accounts Payable	(610)
Increase in Accrued Wages and Benefits	5,731
Increase in Compensated Absences Payable	530
Decrease in Intergovernmental Payable	(5,805)
	-----
Total Adjustments	32,336
	-----
<b>Net Cash Used For Operating Activities</b>	<b>(124,357)</b>
	=====

*See accompanying notes to the general purpose financial statements*

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

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

The School District was established in 1926 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 36 square miles. It is located in Scioto County, and includes all of Green Township. It is staffed by 33 non-certificated employees, 50 certificated full-time teaching personnel and 3 administrative employees who provide services to 750 students and other community members. The School District currently operates three instructional buildings, one administrative building, and one maintenance building.

**Reporting Entity:**

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

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

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

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

The School District is associated with four organizations, three of which are defined as jointly governed organizations and one as a public entity shared risk pool. These organizations are the South Central Ohio Computer Association (SCOCA), the Scioto County Joint Vocational School, the Coalition of Rural and Appalachian Schools, and the Scioto County Regional Council of Governments. These organizations are presented in Notes 16 and 17 to the general purpose financial statements.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Green 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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

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

**Governmental Fund Types:**

Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds 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 major capital projects) that are legally restricted to expenditure for specified purposes.

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**Fiduciary Fund Types:**

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

**Account Groups:**

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

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

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. The School District has no contributed capital. Proprietary 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. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property tax available as an advance, tuition, grants and student fees.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Measurement Focus and Basis of Accounting (Continued)**

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

**C. Budgetary Process - As Prescribed by State Statute**

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

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

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

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

**Estimated Resources:**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 level of expenditures, which are the legal levels 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, function 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.

**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 the proprietary fund.

**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 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 1999, investments were limited to repurchase agreements. Nonparticipating investment contracts such as repurchase agreements of deposits are reported at cost.

During fiscal year 1999, the food service enterprise fund experienced cash flow shortages which created a cash deficit in this fund. For financial reporting purposes, the School District eliminated the cash deficit by recording an interfund payable in the food service fund and an interfund receivable in the general fund. The School District will continue to monitor budgetary documentation in order to ensure that future violations will not occur.

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 1999 amounted to \$19,425, which includes \$4,815 assigned from other School District funds.

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.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Inventory**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

Assets in the general fixed assets account group are depreciated. Depreciation is computed using the straight-line method over a useful life of forty years for buildings, twenty to twenty-five years for improvements, four to ten years for vehicles, and ten years for textbooks. Depreciation of furniture and equipment in the enterprise fund and in the general fixed assets account group is computed using the straight-line method over an estimated useful life of five to twenty years.

**H. Intergovernmental Revenues**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Intergovernmental Revenues (Continued)**

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

*Entitlements*

*General Fund*

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

*Non-Reimbursable Grants*

*Special Revenue Funds*

- Education Management Information Systems
- Disadvantaged Pupil Impact Aid
- Title I
- Title II
- Title VI
- Title VI-B
- Drug-Free Schools Grant
- Performance Incentive Grant
- Professional Development Block Grant
- Textbook Subsidy
- Conflict Management
- Dwight D. Eisenhower Grant
- Goals 2000 Grant

*Capital Projects Funds*

- School Net Plus

*Reimbursable Grants*

*General Fund*

- Driver Education

*Proprietary Funds*

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

Grants and entitlements received in governmental funds amounted to approximately 63 percent of governmental fund revenue during the 1999 fiscal year.

**I. Interfund Assets/Liabilities**

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

**J. Compensated Absences**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Compensated Absences (Continued)**

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

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

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, 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 used current available financial resources.

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

**L. 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.

**M. 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 purchase of buses, and amounts required by statute to be set aside by the School District to create a reserve for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**N. Fund Balance Reserves**

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set aside by statute to protect against cyclical changes in revenues and expenditures.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Estimates**

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

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

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

**NOTE 3 - CHANGE IN ACCOUNTING PRINCIPLE AND RESTATEMENT OF BALANCES**

For fiscal year 1999, the School District implemented GASB Statement No. 32, "*Deferred Compensation Plans*". This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established such a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

The Hearing Impaired, Disadvantaged Pupil Impact Aid, and Title VI-B Special Revenue Funds as well as the Food Service Enterprise Fund have deficit fund balances/retained earnings of \$10,421, \$22,510, \$6,880, and \$9,820, respectively, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**B. Compliance**

Contrary to Ohio Revised Code Section 5705.36, the Treasurer did not obtain an Official Amended Certificate of Estimated Resources. As a consequence, no estimated revenue amounts are presented.

Contrary to Ohio Revised Code Section 5705.38, the School District did not approve the appropriation measure on or about the first day of the fiscal year which resulted in appropriations not being effective. The Board of Education approved appropriations for fiscal year 1999 in July 1998. However, the appropriations were not filed with the County Auditor and no source documentation to support appropriations could be provided. As a result, no appropriation amounts are presented.

Contrary to Ohio Revised Code Section 5705.41(B), the School District expended money prior to appropriations being effective. As a result, actual expenditures exceeded appropriations at one hundred percent in all funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

**NOTE 5 - 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 and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund and the Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Enterprise 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:

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).

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

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

	General	Special Revenue	Capital Projects
GAAP Basis	\$239,369	\$49,013	(\$70,445)
Revenue Accruals	64,832	(27,482)	72,748
Expenditure Accruals	80,798	41,489	0
Encumbrances	(54,419)	(4,331)	(4,019)
Budget Basis	\$330,580	\$58,689	(\$1,716)

Net Loss/Excess of Revenues Under Expenses  
Enterprise Fund

	Food Service
GAAP Basis	(\$20,256)
Revenue Accruals	(552)
Expense Accruals	(710)
Depreciation	3,895
Encumbrances	(564)
Budget Basis	(\$18,187)

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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

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

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was (\$860) and the bank balance was \$57,210. All of the bank balance was covered by federal depository insurance.

*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.

	Category 1	Carrying Value	Fair Value
Repurchase Agreement	\$795,223	\$795,223	\$795,294

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in *GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."* A reconciliation between the classifications of cash and cash equivalents and investments on the combined financial statements and the classification per *GASB Statement No. 3* is as follows:

	Cash and Cash Equivalents/Deposits	Market Value
<i>GASB Statement No. 9</i>	\$794,363	\$0
Investments:		
Repurchase Agreement	(795,223)	795,223
<i>GASB Statement No. 3</i>	(\$860)	\$795,223

**NOTE 7 - PROPERTY TAXES**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

**NOTE 7 - PROPERTY TAXES (Continued)**

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 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, on the assessed value as of January 1, 1999, 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. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$25,544,250	47.00%	\$29,897,540	47.30%
Public Utility	80,220	0.15%	89,710	0.14%
Tangible Personal Property	28,722,170	52.85%	33,219,250	52.56%
<b>Total Assessed Value</b>	<b>\$54,346,640</b>	<b>100.00%</b>	<b>\$63,206,500</b>	<b>100.00%</b>
Tax rate per \$1,000 of assessed valuation	\$25.47		\$25.47	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$48,077 in the General Fund.



**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Drivers Education Reimbursement	\$2,900
Enterprise Fund	
Food Service	
Federal Breakfast and Lunch Programs	12,286
Total Intergovernmental Receivables	\$15,186

**NOTE 9 - FIXED ASSETS**

A summary of the enterprise fund's fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$93,821
Less Accumulated Depreciation	(84,976)
Net Fixed Assets	\$8,845

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

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$24,000	\$0	\$0	\$24,000
Buildings and Improvements	3,539,741	0	0	3,539,741
Furniture, Fixtures and Equipment	727,738	27,471	9,892	745,317
Vehicles	403,353	0	0	403,353
Textbooks	352,514	0	0	352,514
Totals	\$5,047,346	\$27,471	\$9,892	5,064,925
Accumulated Depreciation				(4,113,325)
Total General Fixed Assets				\$951,600

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

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**NOTE 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 1999, the School District contracted with Indiana Insurance for building and inland marine coverage and with Nationwide Insurance for fleet and liability insurance. Coverages provided by Indiana Insurance and Nationwide Insurance are as follows:

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

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

The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool (Note 17), consisting of school districts within the County offering medical and dental insurance to their employees. Monthly premiums are paid to the South Central Ohio Educational Service Center as fiscal agent, who in turns pays the claims on the School District's behalf. The Council is responsible for the management and operations of the program. Upon termination from the Council, for any reason, the Council shall have no obligation under the plan beyond paying the difference between the claims incurred (even though later filed) and expenses of the Plan due up to the date of termination plus extended benefits, if any, provided under the Plan. Such claims and expenses shall be paid from the funds of the Council.

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

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(Continued)**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS (Continued)**

**A. School Employees Retirement System (Continued)**

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$36,647, \$57,313, and \$58,793, respectively; 36 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$23,506 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$97,770, \$198,611, and \$200,037, respectively; 81 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$18,531 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**NOTE 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 obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$130,360 for fiscal year 1999.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(Continued)**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS (Continued)**

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 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, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$42,504.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 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 paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 205 days for all classified personnel and up to a maximum of 210 days for certified personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 51.25 days for classified and 52.50 days for certified personnel.

**B. Life Insurance**

The School District provides life insurance to employees through CoreSource.

**C. Deferred Compensation**

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

GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" provides accounting guidelines for the reporting of deferred compensation programs. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

**NOTE 14 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
Pension Obligation	\$46,162	\$34,662	\$46,162	\$34,662
Compensated Absences	98,669	6,726	0	105,395
Total General Long-Term Obligations	<u>\$144,831</u>	<u>\$41,388</u>	<u>\$46,162</u>	<u>\$140,057</u>

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

Normally, the fund balance of the debt service fund is shown on the balance sheet as "Amount Available in Debt Service Fund for Retirement of General Obligation Bonds." Since the School District no longer has any general obligation debt, this entry has not been made and will not be disclosed on the balance sheet. The School District may seek to transfer this remaining balance to the general fund.

The School District's overall legal debt margin was \$5,688,585 with an unvoted debt margin of \$63,207 at June 30, 1999.

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	Interfund Receivables	Interfund Payables
General Fund	\$10,667	\$0
Special Revenue Funds:		
Hearing Impaired	0	1,498
Title VI-B	0	6,880
Total Special Revenue	<u>0</u>	<u>8,378</u>
Enterprise Fund:		
Food Service	0	2,289
Total All Funds	<u>\$10,667</u>	<u>\$10,667</u>

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**(Continued)**

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**NOTE 16 - JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association* - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Vinton and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The School District paid SCOCA \$2,400 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper, who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

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

*Coalition of Rural and Appalachian Schools* - The Coalition of Rural and Appalachian Schools is a jointly governed organization of over one hundred school districts in southeastern Ohio. The Coalition is operated by a board which is composed of fourteen members. The board members are composed of one superintendent from each county elected by the school districts within that county. The Council provides various services for school district administrative personnel; gathers data regarding conditions of education in the region; cooperates with other professional groups to assess and develop programs designed to meet the needs of member districts; and provides staff development programs for school district personnel. The Council is not dependent upon the continued participation of the School District and the School District does not maintain an equity interest in or a financial responsibility for the Council. During fiscal year 1999, the School District paid the Coalition \$300 for annual membership dues.

**NOTE 17 - PUBLIC ENTITY SHARED RISK POOL**

*Scioto County Regional Council of Governments* - The School District is a member of the Scioto County Regional Council of Governments, a public entity shared risk pool. Several Scioto County school districts have entered into an agreement with the South Central Ohio Educational Service Center to form the Scioto County Regional Council of Governments. The overall objectives of the council are to formulate and administer a program of health insurance for the benefit of the council members' employees and their dependents, to obtain lower costs for health coverage, and to secure cost control by implementing a program of comprehensive loss control. The Council's business and affairs are managed by a Board of Directors, consisting of the superintendents from each of the participating school districts. The School District pays premiums based on what the Council estimates will cover the costs of all claims for which the Council is obligated. If the School District's claims exceed its premiums, there is no individual supplemental assessment; on the other hand, if the School District's claims are low, it will not receive a refund. The Council views its activities in the aggregate, rather than on an individual entity basis. To obtain financial information, write to the fiscal agent, South Central Ohio Educational Service Center at Fourth and Court Streets, Portsmouth, Ohio 45662.

**NOTE 18 - SCHOOL FUNDING COURT DECISION**

On March 24, 1997 the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$1,855,106 of school foundation support for its general fund.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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**NOTE 18 - SCHOOL FUNDING COURT DECISION (Continued)**

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**NOTE 19 - SET-ASIDE CALCULATIONS**

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

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.

**A. Textbooks and Instructional Materials**

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$57,554	
Qualifying expenditures made during the year	(46,954)	
Amount of offsets for the year	(10,600)	
Total		0
Balance of the set-aside to be carried forward to next year		\$0

**B. Capital Improvements**

Set-aside balance carried forward from the prior year		\$0
Current year set-aside requirement	\$57,554	
Qualifying expenditures made during the year	(57,554)	
Amount of offsets for the year	0	
Total		0
Balance of the set-aside to be carried forward to next year		\$0

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

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

**C. Budget Stabilization**

Set-aside balance carried forward from the prior year		\$32,997
Current year set-aside requirement	\$28,777	
Qualifying expenditures made during the year	0	
Amount of offsets for the year	0	
Total		28,777
Balance of the set-aside to be carried forward to next year		\$61,774

**D. School Bus Purchases**

Balance carried forward from the prior year		\$25,204
Current year amount received	\$32,019	
Qualifying expenditures made during the year	(35,804)	
Total		(3,785)
Balance to be carried forward to next year		\$21,419

Amounts of offsets and qualifying expenditures presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying expenditures during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

**NOTE 20 - 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, 1999.

**B. Litigation**

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



**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program (Commodities)	N/A	10.550	\$0	\$17,931	\$0	\$17,417
School Breakfast Program	05PU-99	10.553	\$19,959	\$0	\$19,959	\$0
National School Lunch Program	04PU-99	10.555	77,852	0	77,852	
Total Nutrition Cluster			97,811	17,931	97,811	17,417
Total U. S. Department of Agriculture			97,811	17,931	97,811	17,417
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1S1-98 C1S1-98C C1S1-99	84.010	55,112 6,999 245,793	0 0 0	32,392 6,574 203,432	0 0 0
Total Title I			307,904	0	242,398	0
Special Education Grants to States (Part B, Individuals with Disabilities) Education Act)	6B-SF97P 6B-SF98P	84.027	10,448 11,878	0 0	4,674 6,879	0 0
Total Special Education Grant			22,326	0	11,553	0
Safe and Drug-Free Schools and Communities State Grants	DR-S199	84.186	9,801	0	0	0
Goals 2000 Grant- State and Local Educational Systemic Improvement	G2-S198P	84.276	40,500	0	900	0
Eisenhower Professional Development Grant	MS-S199	84.281	6,066	0	4,328	0
Innovative Education Program Strategies	C2-S199	84.298	2,866	0	2,111	0
Total U.S. Department of Education			389,463	0	261,290	0
<b>Totals Federal Awards Receipts and Expenditures</b>			<b>\$487,274</b>	<b>\$17,931</b>	<b>\$359,101</b>	<b>\$17,417</b>

*The accompanying notes to this schedule are an integral part of this schedule.*

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

Non-monetary 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 disbursed. Monies are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.

**NOTE C - MATCHING REQUIREMENTS**

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



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

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

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

To the Board of Education:

We have audited the general purpose financial statements of the Green Local School District, Scioto County, Ohio, (the School District) as of and for the year ended June 30, 1999, in which we indicated that the School District changed its method of accounting for deferred compensation. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 1999-10773-001, 1999-10773-002 and 1999-10773-003. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 31, 2000.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated January 31, 2000.

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

This report is intended for the information and use of the 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, appearing to read "Jim Petro". The signature is stylized with a large, looping initial "J" and a long horizontal stroke extending to the right.

**Jim Petro**  
Auditor of State

January 31, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Green Local School District, Scioto County, Ohio, (the School District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 31, 2000.

This report is intended for the information of the 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, appearing to read "Jim Petro", written in a cursive style.

**Jim Petro**  
Auditor of State

January 31, 2000

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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1999-10773-001      Ohio Rev. Code Section 5705.36 requires the School District to certify to the County Auditor on or about the first day of each fiscal year, the total amount from all sources which is available for expenditure from each fund in the tax budget along with any unencumbered balances that existed at the end of the preceding year.

The School District did not certify estimated resources to the County Auditor which resulted in no resources available for appropriations.

We recommend the School District certify estimated resources on or about the first day of each fiscal year to the County Auditor.

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A-133, SECTION .505**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999  
(Continued)**

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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1999-10773-002      Ohio Rev. Code Section 5705.38 requires the School District approve appropriation measure on or about the first day of each fiscal year.

The School District approved an appropriations in the minutes in July 1998, however, the minutes did not indicate any amounts or the legal level of control. The School District did not file appropriations with the County Auditor nor did they ( the School District) retain a copy of the appropriation resolution in their files.

We recommend the Board of Education retain a copy of approved appropriation measures to document compliance with the budget law, and to serve as a basis for entering budgetary amounts into the accounting system.

1999-10773-003      Ohio Rev. Code Section 5705.41(B) states that no subdivision is to expend money unless it has been appropriated.

The School District approved appropriations in the minutes in July 1998, however, the minutes did not indicate any amounts or the legal level of control nor did the School District retain a copy of the appropriation resolution. Board minutes indicated the School District approved appropriations on June 14, 1999, however, the appropriation measure was not signed into effect until July 20, 1999. Therefore, all expenditures for the fiscal year ended June 30, 1999 were illegally expended.

We recommend the School District approve appropriations on or about the first day of the fiscal year and expenditures not be made until appropriations are effective.

<b>3. FINDINGS FOR FEDERAL AWARDS</b>
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None



**CORRECTIVE ACTION PLAN**  
**OMB CIRCULAR A-133 § .315 (c)**

**FOR THE FISCAL YEAR END JUNE 30, 1999**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10773-001	On January 31, 2000, a certificate of estimated resources was prepared. This is to be presented to the Board of Education at their meeting on February 21, 2000 for their approval and filed with the County Auditor the following day. The Treasurer will prepare, obtain approval and file certificate of estimated resources June 2000, for fiscal year 2001.	Fiscal Year 2000	Daniel McDavid, Treasurer
1999-10773-002	In June 1999, the School District did approve an appropriation measure with amounts and legal level of control. Filing with the County Auditor was withheld by the Treasurer until the issue of the 1998 resolution was resolved. The current appropriation measure will be filed on February 1, 1999.	Fiscal Year 2000	Daniel McDavid, Treasurer
1999-10773-003	This citation is related to the previous two and will be corrected when appropriations are filed in a timely manner. Treasurer will monitor appropriations versus actual expenditures to assure that appropriations are not exceeded by actual expenditures.	Fiscal Year 2000	Daniel McDavid, Treasurer





STATE OF OHIO  
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**GREEN LOCAL SCHOOL DISTRICT**

**SCIOTO COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 21, 2000**