



**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY**

**SINGLE AUDIT**

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



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

---

**STATE OF OHIO**



**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY**

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
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 .....	6
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Expendable Trust Fund .....	8
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - Proprietary Fund Type and Nonexpendable Trust Fund .....	12
Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund .....	13
Notes to the General Purpose Financial Statements .....	14
Schedule of Federal Awards Receipts and Expenditures .....	39
Notes to Schedule of Federal Awards Receipts and Expenditures .....	40
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	41
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 .....	43
Schedule of Findings - <i>OMB Circular A-133 §.505</i> .....	45

**This page intentionally left blank.**



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  
[www.auditor.state.oh.us](http://www.auditor.state.oh.us)

## REPORT OF INDEPENDENT ACCOUNTANTS

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

To the Board of Education:

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

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Nelsonville-York City School District, Athens County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the general purpose financial statements, the District adopted Governmental Accounting Standards Board Statements 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 5, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

December 5, 2001

**This page intentionally left blank.**

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2001**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$2,164,656	\$480,722	\$434,181	\$249,202
Investments	0	0	0	0
<i>Receivables:</i>				
Taxes	1,620,763	36,559	274,800	0
Accounts	2,790	0	0	0
Intergovernmental	1,835	631,525	0	74,263
Accrued Interest	0	0	0	0
Interfund	47,468	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	7,319	33,635	0	0
Prepaid Items	12,089	0	0	0
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	90,236	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount in Debt Service Fund for				
Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b><u><u>\$3,947,156</u></u></b>	<b><u><u>\$1,182,441</u></u></b>	<b><u><u>\$708,981</u></u></b>	<b><u><u>\$323,465</u></u></b>
<b><u>Liabilities, Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$24,728	\$37,684	\$0	\$0
Contracts Payable	54,269	2,400	0	6,000
Accrued Wages and Benefits Payable	460,865	177,537	0	0
Compensated Absences Payable	11,583	26,605	0	0
Interfund Payable	0	0	0	47,468
Intergovernmental Payable	104,584	29,774	0	0
Deferred Revenue	1,563,399	314,776	264,649	74,263
Due to Students	0	0	0	0
Asbestos Removal Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b><u><u>2,219,428</u></u></b>	<b><u><u>588,776</u></u></b>	<b><u><u>264,649</u></u></b>	<b><u><u>127,731</u></u></b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
<i>Retained Earnings:</i>				
Unreserved	0	0	0	0
<i>Fund Balance:</i>				
Reserved for Encumbrances	99,572	84,666	0	0
Reserved for Inventory	7,319	33,635	0	0
Reserved for Property Taxes	57,364	1,269	10,151	0
Reserved for Statutory Set-Asides	90,236	0	0	0
<i>Unreserved:</i>				
Undesignated	1,473,237	474,095	434,181	195,734
<b>Total Fund Equity and Other Credits</b>	<b><u><u>1,727,728</u></u></b>	<b><u><u>593,665</u></u></b>	<b><u><u>444,332</u></u></b>	<b><u><u>195,734</u></u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u><u>\$3,947,156</u></u></b>	<b><u><u>\$1,182,441</u></u></b>	<b><u><u>\$708,981</u></u></b>	<b><u><u>\$323,465</u></u></b>

See accompanying notes to the general purpose financial statements.



<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$5,146	\$52,649	\$0	\$0	\$3,386,556
0	35,845	0	0	35,845
0	0	0	0	1,932,122
0	0	0	0	2,790
0	0	0	0	707,623
0	1,144	0	0	1,144
0	0	0	0	47,468
1,040	0	0	0	1,040
49	0	0	0	41,003
0	0	0	0	12,089
0	0	0	0	90,236
6,906	0	11,573,876	0	11,580,782
0	0	0	444,332	444,332
0	0	0	2,752,037	2,752,037
<u>\$13,141</u>	<u>\$89,638</u>	<u>\$11,573,876</u>	<u>\$3,196,369</u>	<u>\$21,035,067</u>
\$17	\$0	\$0	\$0	\$62,429
0	0	0	0	62,669
22,367	0	0	0	660,769
18,186	0	0	661,710	718,084
0	0	0	0	47,468
12,439	0	0	65,790	212,587
201	0	0	0	2,217,288
0	50,833	0	0	50,833
0	0	0	63,869	63,869
0	0	0	2,405,000	2,405,000
<u>53,210</u>	<u>50,833</u>	<u>0</u>	<u>3,196,369</u>	<u>6,500,996</u>
0	0	11,573,876	0	11,573,876
(40,069)	36,989	0	0	(3,080)
0	30	0	0	184,268
0	0	0	0	40,954
0	0	0	0	68,784
0	0	0	0	90,236
0	1,786	0	0	2,579,033
<u>(40,069)</u>	<u>38,805</u>	<u>11,573,876</u>	<u>0</u>	<u>14,534,071</u>
<u>\$13,141</u>	<u>\$89,638</u>	<u>\$11,573,876</u>	<u>\$3,196,369</u>	<u>\$21,035,067</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	General	Special Revenue	Debt Service
<b><u>Revenues:</u></b>			
Taxes	\$1,580,652	\$34,985	\$279,881
Intergovernmental	5,280,633	2,601,743	31,265
Interest	175,556	0	0
Tuition and Fees	1,764	0	0
Extracurricular Activities	0	35,838	0
Gifts and Donations	0	0	0
Miscellaneous	55,246	40,967	0
<i>Total Revenues</i>	7,093,851	2,713,533	311,146
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	2,661,440	1,415,389	0
Special	563,846	303,381	0
Vocational	54,854	0	0
<i>Support Services:</i>			
Pupils	240,140	25,131	0
Instructional Staff	216,442	301,281	0
Board of Education	36,352	0	0
Administration	700,484	117,272	0
Fiscal	230,209	4,433	7,150
Operation and Maintenance of Plant	1,095,867	59,012	0
Pupil Transportation	717,506	120,605	0
Central	360	0	0
Operation of Non-Instructional Services	3,350	1,897	0
Extracurricular Activities	113,722	38,442	0
Capital Outlay	0	9,000	0
<i>Debt Service:</i>			
Principal Retirement	0	0	98,637
Interest and Fiscal Charges	0	0	136,998
Intergovernmental	0	5,000	0
<i>Total Expenditures</i>	6,634,572	2,400,843	242,785
Excess of Revenues Over (Under) Expenditures	459,279	312,690	68,361
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	0	2,568	18,637
Operating Transfers Out	(66,205)	0	0
<i>Total Other Financing Sources (Uses)</i>	(66,205)	2,568	18,637
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	393,074	315,258	86,998
Fund Balance (Deficit) at Beginning of Year, As Restated	1,332,917	245,383	357,334
Increase (Decrease) in Reserve for Inventory	1,737	33,024	0
Fund Balance (Deficit) at End of Year	\$1,727,728	\$593,665	\$444,332

See accompanying notes to the general purpose financial statements.

Capital Projects	Expendable Trust	Totals (Memorandum Only)
\$0	\$0	\$1,895,518
92,362	0	8,006,003
0	0	175,556
0	0	1,764
0	0	35,838
0	500	500
0	0	96,213
<u>92,362</u>	<u>500</u>	<u>10,211,392</u>
0	987	4,077,816
0	0	867,227
0	0	54,854
0	0	265,271
0	445	518,168
0	0	36,352
0	0	817,756
0	0	241,792
0	9,450	1,164,329
0	0	838,111
0	0	360
0	0	5,247
0	0	152,164
180,629	0	189,629
0	0	98,637
0	0	136,998
0	0	5,000
<u>180,629</u>	<u>10,882</u>	<u>9,469,711</u>
(88,267)	(10,382)	741,681
0	0	21,205
0	0	(66,205)
0	0	(45,000)
(88,267)	(10,382)	696,681
284,001	12,198	2,231,833
0	0	34,761
<u>\$195,734</u>	<u>\$1,816</u>	<u>\$2,963,275</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	<b>GENERAL FUND</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Taxes	\$1,485,630	\$1,583,551	\$97,921
Intergovernmental	5,318,334	5,278,798	(39,536)
Interest	122,000	183,722	61,722
Tuition and Fees	2,670	1,764	(906)
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	7,515	53,462	45,947
<b>Total Revenues</b>	<b>6,936,149</b>	<b>7,101,297</b>	<b>165,148</b>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	3,421,217	2,800,685	620,532
Special	758,209	574,715	183,494
Vocational	157,158	56,126	101,032
<i>Support Services:</i>			
Pupils	328,794	246,556	82,238
Instructional Staff	287,884	218,074	69,810
Board of Education	44,244	42,176	2,068
Administration	812,909	716,426	96,483
Fiscal	256,986	231,262	25,724
Operation and Maintenance of Plant	1,450,725	1,208,416	242,309
Pupil Transportation	870,793	737,795	132,998
Central	440	360	80
Operation of Non-Instructional Services	3,400	3,370	30
Extracurricular Activities	140,500	116,100	24,400
Capital Outlay	0	0	0
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Intergovernmental	0	0	0
<b>Total Expenditures</b>	<b>8,533,259</b>	<b>6,952,061</b>	<b>1,581,198</b>
Excess of Revenues Over (Under) Expenditures	(1,597,110)	149,236	1,746,346
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	0	0	0
Advances In	0	280	280
Operating Transfers Out	(110,980)	(64,574)	46,406
Advances Out	(3,000)	0	3,000
<b>Total Other Financing Sources (Uses)</b>	<b>(113,980)</b>	<b>(64,294)</b>	<b>49,686</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,711,090)	84,942	1,796,032
Fund Balances at Beginning of Year	1,764,841	1,764,841	0
Prior Year Encumbrances Appropriated	295,454	295,454	0
<b>Fund Balances at End of Year</b>	<b>\$349,205</b>	<b>\$2,145,237</b>	<b>\$1,796,032</b>

**SPECIAL REVENUE FUNDS**

**DEBT SERVICE FUND**

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$33,419	\$35,028	\$1,609	\$256,000	\$280,225	\$24,225
2,945,182	2,383,220	(561,962)	20,000	31,265	11,265
0	0	0	0	0	0
0	0	0	0	0	0
35,300	35,838	538	0	0	0
0	0	0	0	0	0
40,335	41,257	922	0	0	0
<u>3,054,236</u>	<u>2,495,343</u>	<u>(558,893)</u>	<u>276,000</u>	<u>311,490</u>	<u>35,490</u>
1,853,961	1,459,428	394,533	0	0	0
415,418	324,169	91,249	0	0	0
0	0	0	0	0	0
178,673	26,945	151,728	0	0	0
435,763	379,474	56,289	0	0	0
0	0	0	0	0	0
154,501	121,598	32,903	0	0	0
6,742	4,734	2,008	16,185	7,150	9,035
94,669	68,514	26,155	0	0	0
132,070	120,567	11,503	0	0	0
0	0	0	0	0	0
12,857	1,897	10,960	0	0	0
44,569	38,442	6,127	0	0	0
9,000	9,000	0	0	0	0
0	0	0	98,637	98,637	0
0	0	0	325,000	136,998	188,002
5,000	5,000	0	0	0	0
<u>3,343,223</u>	<u>2,559,768</u>	<u>783,455</u>	<u>439,822</u>	<u>242,785</u>	<u>197,037</u>
(288,987)	(64,425)	224,562	(163,822)	68,705	232,527
937	937	0	18,637	18,637	0
0	0	0	0	0	0
0	0	0	0	0	0
(280)	(280)	0	0	0	0
<u>657</u>	<u>657</u>	<u>0</u>	<u>18,637</u>	<u>18,637</u>	<u>0</u>
(288,330)	(63,768)	224,562	(145,185)	87,342	232,527
346,468	346,468	0	346,838	346,838	0
46,125	46,125	0	0	0	0
<u>\$104,263</u>	<u>\$328,825</u>	<u>\$224,562</u>	<u>\$201,653</u>	<u>\$434,180</u>	<u>\$232,527</u>

(Continued)

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	<b>CAPITAL PROJECTS FUNDS</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Taxes	\$0	\$0	\$0
Intergovernmental	93,362	93,362	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>93,362</b>	<b>93,362</b>	<b>0</b>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
<i>Support Services:</i>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	426,905	185,203	241,702
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Intergovernmental	0	0	0
<b>Total Expenditures</b>	<b>426,905</b>	<b>185,203</b>	<b>241,702</b>
Excess of Revenues Over (Under) Expenditures	(333,543)	(91,841)	241,702
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(333,543)	(91,841)	241,702
Fund Balances at Beginning of Year	323,999	323,999	0
Prior Year Encumbrances Appropriated	17,045	17,045	0
<b>Fund Balances at End of Year</b>	<b>\$7,501</b>	<b>\$249,203</b>	<b>\$241,702</b>

See accompanying notes to the general purpose financial statements.

**EXPENDABLE TRUST FUND**

**TOTALS (MEMORANDUM ONLY)**

Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$1,775,049	\$1,898,804	\$123,755
0	0	0	8,376,878	7,786,645	(590,233)
0	0	0	122,000	183,722	61,722
0	0	0	2,670	1,764	(906)
0	0	0	35,300	35,838	538
500	500	0	500	500	0
0	0	0	47,850	94,719	46,869
<u>500</u>	<u>500</u>	<u>0</u>	<u>10,360,247</u>	<u>10,001,992</u>	<u>(358,255)</u>
2,169	987	1,182	5,277,347	4,261,100	1,016,247
0	0	0	1,173,627	898,884	274,743
0	0	0	157,158	56,126	101,032
102	0	102	507,569	273,501	234,068
977	467	510	724,624	598,015	126,609
0	0	0	44,244	42,176	2,068
0	0	0	967,410	838,024	129,386
0	0	0	279,913	243,146	36,767
9,450	9,450	0	1,554,844	1,286,380	268,464
0	0	0	1,002,863	858,362	144,501
0	0	0	440	360	80
0	0	0	16,257	5,267	10,990
0	0	0	185,069	154,542	30,527
0	0	0	435,905	194,203	241,702
0	0	0	98,637	98,637	0
0	0	0	325,000	136,998	188,002
0	0	0	5,000	5,000	0
<u>12,698</u>	<u>10,904</u>	<u>1,794</u>	<u>12,755,907</u>	<u>9,950,721</u>	<u>2,805,186</u>
(12,198)	(10,404)	1,794	(2,395,660)	51,271	2,446,931
0	0	0	19,574	19,574	0
0	0	0	0	280	280
0	0	0	(110,980)	(64,574)	46,406
0	0	0	(3,280)	(280)	3,000
<u>0</u>	<u>0</u>	<u>0</u>	<u>(94,686)</u>	<u>(45,000)</u>	<u>49,686</u>
(12,198)	(10,404)	1,794	(2,490,346)	6,271	2,496,617
12,168	12,168	0	2,794,314	2,794,314	0
30	30	0	358,654	358,654	0
<u>\$0</u>	<u>\$1,794</u>	<u>\$1,794</u>	<u>\$662,622</u>	<u>\$3,159,239</u>	<u>\$2,496,617</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Retained Earnings**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

	<b>PROPRIETARY FUND TYPE</b>		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Operating Revenues:</u></b>			
Sales	\$116,279	\$0	\$116,279
Interest	0	3,931	3,931
Contributions and Donations	0	6,210	6,210
Other Operating Revenues	1,201	0	1,201
<i>Total Operating Revenues</i>	<u>117,480</u>	<u>10,141</u>	<u>127,621</u>
<b><u>Operating Expenses:</u></b>			
Salaries	145,334	0	145,334
Fringe Benefits	73,924	0	73,924
Purchased Services	4,064	0	4,064
Materials and Supplies	12,593	0	12,593
Cost of Sales	191,122	0	191,122
Other Operating Expenses	849	7,776	8,625
Depreciation	1,494	0	1,494
<i>Total Operating Expenses</i>	<u>429,380</u>	<u>7,776</u>	<u>437,156</u>
Operating Income (Loss)	(311,900)	2,365	(309,535)
<b><u>Nonoperating Revenues (Expenses):</u></b>			
Federal Donated Commodities	9,298	0	9,298
Federal and State Subsidies	256,454	0	256,454
<i>Total Nonoperating Revenues (Expenses)</i>	<u>265,752</u>	<u>0</u>	<u>265,752</u>
Operating Transfers In	45,000	0	45,000
Net Income (Loss)	(1,148)	2,365	1,217
Retained Earnings at Beginning of Year	(38,921)	34,624	(4,297)
Retained Earnings at End of Year	<u>(\$40,069)</u>	<u>\$36,989</u>	<u>(\$3,080)</u>

See accompanying notes to the general purpose financial statements.



**NELSONVILLE-YORK CITY SCHOOL DISTRICT**

*Combined Statement of Cash Flows*

*Proprietary Fund Type and Nonexpendable Trust Fund*

*For the Fiscal Year Ended June 30, 2001*

	<b>PROPRIETARY FUND TYPE</b>		Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Sales	\$116,279	\$0	\$116,279
Cash Received from Contributions and Donations	0	6,210	6,210
Cash Received from Other Operating Revenues	1,201	0	1,201
Cash Payments to Suppliers for Goods and Services	(196,493)	0	(196,493)
Cash Payments to Employees for Services	(153,257)	0	(153,257)
Cash Payments for Employee Benefits	(70,356)	0	(70,356)
Cash Payments for Other Operating Expenses	(849)	(7,776)	(8,625)
<i>Net Cash from Operating Activities</i>	<u>(303,475)</u>	<u>(1,566)</u>	<u>(305,041)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	256,454	0	256,454
Transfers In from Other Funds	45,000	0	45,000
<i>Net Cash from Noncapital Financing Activities</i>	<u>301,454</u>	<u>0</u>	<u>301,454</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Net Increase in Investments	0	(1,297)	(1,297)
Interest Received on Investments	0	2,863	2,863
<i>Net Cash from Investing Activities</i>	<u>0</u>	<u>1,566</u>	<u>1,566</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,021)	0	(2,021)
Cash and Cash Equivalents at Beginning of Year	7,167	0	7,167
Cash and Cash Equivalents at End of Year	<u>\$5,146</u>	<u>\$0</u>	<u>\$5,146</u>
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Operating Income (Loss)	(\$311,900)	\$2,365	(\$309,535)
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Depreciation	1,494	0	1,494
Donated Commodities Used During Year	9,298	0	9,298
Interest Received	0	(2,863)	(2,863)
<b><u>Changes in Assets and Liabilities:</u></b>			
(Increase) Decrease in Accrued Interest Receivable	0	(1,068)	(1,068)
(Increase) Decrease in Inventory Held for Resale	2,172	0	2,172
(Increase) Decrease in Materials and Supplies Inventory	(48)	0	(48)
Increase (Decrease) in Accounts Payable	17	0	17
Increase (Decrease) in Accrued Wages and Benefits Payable	(7,112)	0	(7,112)
Increase (Decrease) in Compensated Absences Payable	(7,724)	0	(7,724)
Increase (Decrease) in Intergovernmental Payable	10,480	0	10,480
Increase (Decrease) in Deferred Revenue	(152)	0	(152)
Total Adjustments	<u>8,425</u>	<u>(3,931)</u>	<u>4,494</u>
Net Cash from Operating Activities	<u>(\$303,475)</u>	<u>(\$1,566)</u>	<u>(\$305,041)</u>
<b><u>Reconciliation of Cash and Cash Equivalents on the</u></b>			
<b><u>Balance Sheet to the Statement of Cash Flows:</u></b>			
Cash and Cash Equivalents on the Balance Sheet - All Fiduciary Funds			\$52,649
Cash and Cash Equivalents - Expendable Trust and Agency Funds			<u>(52,649)</u>
Cash and Cash Equivalents on the Statement of Cash Flows - Nonexpendable Trust Fund			<u>\$0</u>

See accompanying notes to the general purpose financial statements.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

**Description of the School District**

The Nelsonville-York City School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's instructional support facilities staffed by 66 non-certificated, 95 teaching personnel and 9 administrative employees providing education to approximately 1,160 students.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**Reporting Entity**

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

Component units are legally separate organizations for which the District is financially accountable. The District is financially accountable for an organization if the District appoints a voting majority of the organization's governing board and (1) the District is able to significantly influence the programs or services performed or provided by the organization; or (2) the District is legally entitled to or can otherwise access the organization's resources; the District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the District in that the District approves the budget, the issuance of debt or the levying of taxes. The 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.

- ▶ Nelsonville Christian Academy
- ▶ Parent Teacher Organization
- ▶ Athens-Meigs Educational Service Center

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

The District is associated with four organizations, three of which are defined as jointly governed organizations and one as a group purchasing pool. These organizations are the Tri-County Joint Vocational School District, the Southeastern Ohio Voluntary Education Cooperative, the Athens County School Employees Health and Welfare Benefit Association, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

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

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

**Basis of Presentation - Fund Accounting**

The 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 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 expendable available resources.

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

**Governmental Fund Types:**

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

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

**Debt Service Fund** - The debt service fund accounts for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

**Proprietary Fund Type:**

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

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

**Fiduciary Fund Types:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following are the District's fiduciary fund types:

**Expendable Trust Funds** - These funds account for resources, including both principal and earnings which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

**Nonexpendable Trust Funds** - These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

**Agency Funds** - These funds are purely custodial and thus do not involve measurement of results of operations.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

**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 District, other than those accounted for in the proprietary funds.

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

**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 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. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

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

The District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2002 operations, have been recorded as deferred revenue.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. 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 funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**Budgetary Process**

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

**Tax Budget:** Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. 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 Athens 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 Budget Commission and receives the Commission's certificate of estimated resources which state the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

**Appropriations:** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter objective 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 does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, two supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

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

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

**Cash and Cash Equivalents**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through District records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet. During the fiscal year 2001, investments were limited to certificates of deposit with local institutions and STAROhio. Investment earnings are allocated as authorized by State statute.

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

The Board of Education had, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$175,556, which includes \$58,295 assigned from other District funds. In addition, the Nonexpendable Trust Fund received \$3,931 in interest revenue.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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

**Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower 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 reserved in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food, purchased food, lunchroom supplies, and school supplies held for resale and are expended when used.

**Prepaid Items**

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

**Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a reserve for textbooks and instructional materials, capital improvements and maintenance, and budget stabilization in accordance with State statute. A fund balance reserve has also been established.

**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 related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective funds. 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 values as of the date received. The District maintains a capitalization threshold of five hundred dollars. The District does not possess any infrastructure.



**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

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

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings, 20 years for improvements other than buildings, 6 to 15 years for furniture, equipment and fixtures, and 5 to 10 years for vehicles. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of 15 years.

**Intergovernmental Revenues**

Intergovernmental revenues are generally received from reimbursable, nonreimbursable, and entitlement type grant programs. These grant programs involve transactions that are categorized as either government-mandated or voluntary nonexchange transactions. For governmental funds, intergovernmental revenues from government-mandated and voluntary nonexchange transactions are recorded as a receivable when all eligibility requirements are met, and as revenue when the resources are available. Revenues that are not available in the current period are deferred. For proprietary funds, intergovernmental revenues from government-mandated and voluntary nonexchange transactions are recorded as a receivable and revenue when all eligibility requirements are met. Revenues received before the eligibility requirements are met are deferred.

The 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
- State Equity

**Nonreimbursable Grants**

**Special Revenue Funds**

- Disadvantaged Pupil Impact Aid
- Education Management Information Systems
- Handicapped Preschool
- School Net Professional Development
- REA Grant
- Extended Learning Opportunity
- Safe School Help Line
- Dwight D. Eisenhower Professional Development
- Title I
- Title VI
- Title VI-B
- Title VI-R
- Drug Free Schools Program
- Professional Development
- Goals 2000 Intervention

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

**Special Revenue Funds** - (Continued)

School-To-Work  
Ohio Wellness Grant  
NDEA Title III  
Chapter II  
JAVITS Grant

**Capital Projects Funds**

School Net Plus  
Technology Equity  
Emergency Building Repair

**Reimbursable Grants**

**Proprietary Fund**

National School Lunch Program  
School Breakfast Program  
Government Donated Commodities

Grant and entitlements amounted to approximately seventy-eight percent of the District's operating revenue during the 2001 fiscal year.

**Interfund Assets/Liabilities**

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

**Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the employer 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 vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy.

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.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

**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 expendable available financial resources. Payments made more than sixty days after year end are considered not to have used current available financial resources. Long-term loans are recognized as a liability of the General Long-Term Obligations Account Group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate proprietary funds.

**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.

**Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that a portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, property taxes and statutory set-asides.

**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.

**Total Columns on General Purpose Financial Statements**

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 3 - CHANGES IN ACCOUNTING PRINCIPLES AND PRIOR PERIOD ADJUSTMENTS**

The District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues."

GASB Statement No. 33 establishes accounting and financial reporting guidelines about when to report the results of nonexchange transactions. GASB Statement No. 36 is a modification to the provisions of GASB Statement No. 33 for certain specific nonexchange revenues. The implementation of these statements required a prior period adjustment to accrue \$133,055 as intergovernmental revenue in the Special Revenue Funds. This adjustment had the effect of increasing fund balance in the Special Revenue Funds from the previous balance of \$112,328 to the restated balance of \$245,383.

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above 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 is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are 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.

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	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$393,074	\$315,258	\$86,998	(\$88,267)	(\$10,382)
<i>Adjustments:</i>					
Revenue Accruals	7,446	(218,190)	344	1,000	0
Expenditure Accruals	(317,489)	(158,925)	0	(4,574)	(22)
Other Financing Sources/Uses	1,911	(1,911)	0	0	0
Budget Basis	\$84,942	(\$63,768)	\$87,342	(\$91,841)	(\$10,404)

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 5 -ACCOUNTABILITY**

**Fund Deficits**

Fund balances at June 30, 2001, included the following individual fund deficits:

*Special Revenue Funds:*

DPIA	\$111,803
------	-----------

*Capital Projects Funds:*

Emergency Building Repair	53,468
---------------------------	--------

*Enterprise Funds:*

Food Service	41,503
--------------	--------

The deficit in each of these funds is the result of the application of generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits will be eliminated as future expected revenues are received. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

State law requires the classification of monies held by the District into three categories.

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

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

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

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

State Statute permits interim monies to be deposited or invested in the following securities:

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

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

Investments may only be 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 and Reverse Repurchase Agreements".

**Deposits:** At year-end, the carrying amount of the District's deposits was \$140,757 and the bank balance was \$408,665. Of the bank balance, \$135,922 was covered by federal depository insurance. The remaining amounts were collateralized with securities held by the District's pledging financial institution's trust department or agent in the District's name. Although the securities serving as collateral were held by the pledging financial institutions' trust department in the District's name and all State statutory requirements for the investments of money had been followed, noncompliance with federal requirements would potentially subject the money to a successful claim by the Federal Deposit Insurance Corporation.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

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

**Investments:** The District's investments are categorized below to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The District's investments in STAROhio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Carrying Value	Fair Value
STAROhio	\$3,371,880	\$3,371,880

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$3,476,792	\$35,845
<i>Investments:</i>		
Certificates of Deposit	35,845	(35,845)
STAROhio	(3,371,880)	3,371,880
GASB Statement 3	\$140,757	\$3,371,880

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later 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.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

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

The District receives property taxes from Athens and Hocking Counties. The County Auditor from each county periodically advances to the District their portion of the taxes collected. Second-half real property tax payments collected by each county by June 30, 2001, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$57,364 for the General Fund, \$1,269 for the Classroom Facilities Maintenance (Special Revenue) Fund and \$10,151 for the Debt Service Fund.

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$53,029,490	68.80%	\$55,878,220	70.90%
Public Utility Personal	10,069,660	13.06%	10,434,540	13.20%
Tangible Personal Property	13,970,278	18.14%	12,435,900	15.90%
Total Assessed Value	\$77,069,428	100.00%	\$78,748,660	100.00%
Tax Rate per \$1,000 of Assessed Valuation		\$32.20		\$32.20

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. The principal items of intergovernmental receivables follow:

<i>General Fund:</i>	
CAFS Reimbursement	\$1,835
<i>Total General Fund</i>	\$1,835



**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 8 - RECEIVABLES** - (Continued)

*Special Revenue Funds:*

Ohio Wellness Grant	\$70,000
NDEA Title III	7,823
Title VI-B	3,179
Title I	46,977
Chapter II	7,236
JAVITS Grant	496,310
<i>Total Special Revenue Funds</i>	<u>\$631,525</u>

*Capital Projects Funds:*

Emergency Building Repair	\$74,263
<i>Total Capital Projects Funds</i>	<u>\$74,263</u>

**NOTE 9 - FIXED ASSETS**

A summary of the Enterprise Funds' fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$123,671
Less: Accumulated Depreciation	(116,765)
Net Fixed Assets	<u>\$6,906</u>

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

Asset Category	Balance at July 1, 2000	Additions	Deletions	Balance at June 30, 2001
Land	\$33,920	\$75,032	\$3,146	\$105,806
Buildings and Improvements	11,504,770	0	0	11,504,770
Furniture and Equipment	1,432,112	249,426	71,130	1,610,408
Vehicles	787,046	295,980	79,546	1,003,480
Totals	<u>\$13,757,848</u>	<u>\$620,438</u>	<u>\$153,822</u>	<u>14,224,464</u>
Less: Accumulated Depreciation				<u>(2,650,588)</u>
Net Fixed Assets				<u>\$11,573,876</u>

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 10 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the District contracted with various commercial carriers for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverages provided are as follows:

Building and Contents - replacement cost (\$500 deductible)	\$17,167,352
Automobile Liability (\$100 deductible):	
Per Person	1,000,000
Per Accident	1,000,000
Uninsured Motorists (\$100 deductible):	
Per Person	50,000
Per Accident	50,000
General Liability:	
Per Occurrence	2,000,000
Total Per Year	5,000,000
Public Official Bonds:	
Treasurer	20,000
Superintendent/Board President (each)	2,500

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2001, 4.2 percent of annual covered salary was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$46,707, \$61,247, and \$82,690, respectively; 41.94 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$27,116 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the General Long-Term Obligations Account Group.

**State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. For fiscal year 2001, 9.5 percent of the District's contribution was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$394,916, \$239,266, and \$207,324, respectively; 85.76 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$56,253 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

**Social Security System**

Effective June 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, no member of the Board of Education has elected Social Security. The Board's liability is 6.2 percent of wages paid.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

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 Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2001, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$187,065 during fiscal year 2001.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For fiscal year 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund.

The target level for health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000 were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits. For the District, the amount to fund health care benefits, including the surcharge, equaled \$123,870 during the 2001 fiscal year.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer. 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 300 days. Upon retirement, payment is made for an employee's accumulated sick leave up to a maximum of 60 days for certified employees and administrators and 66 days for classified employees.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 13 - EMPLOYEE BENEFITS** - (Continued)

The amount of accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation and sick leave for employees paid from proprietary funds is recorded as an expense and liability of the fund.

For governmental funds, the current portion of unpaid compensated absences in the General Fund, Special Revenue Funds and the balance of the liability reported in the General Long-Term Obligations Account Group was \$11,583, \$26,605 and \$661,710, respectively. The liability for compensated absences in the Enterprise Funds was \$18,186 at June 30, 2001.

**Health Care Benefits**

The District has elected to provide employee medical/surgical benefits, dental and prescription drug benefits through the Athens County School Employee Health and Welfare Benefit Association. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. See Note 17 for more information concerning the Athens County School Employee Health and Welfare Benefit Association.

**NOTE 13 - LONG-TERM OBLIGATIONS**

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

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Principal Balance at July 1, 2000</u>	<u>Additions</u>	<u>Deletions</u>	<u>Principal Balance at June 30, 2001</u>
Compensated Absences	N/A	N/A	\$582,373	\$79,337	\$0	\$661,710
Intergovernmental Payable	N/A	N/A	72,687	0	6,897	65,790
Asbestos Removal Loan	2005	N/A	82,506	0	18,637	63,869
General Obligation Bonds	2018	3.75% - 5.90%	2,485,000	0	80,000	2,405,000
Total General Long-Term Obligations			<u>\$3,222,566</u>	<u>\$79,337</u>	<u>\$105,534</u>	<u>\$3,196,369</u>

The general obligation bonds were issued in the amount of \$2,731,199 in March 1997 as a result of the District being approved for a \$8,266,334 school facilities loan through the State Department of Education for the construction of an elementary school building and improvements to the middle school building. The District issued the general obligation bonds to provide a partial cash match for the school facilities loan. As a requirement of the loan, the District was required to pass a 4.50 mill levy. The 4.50 mill levy, of which .50 mill was to be used for the retirement of the loan, will be in effect for twenty-three years.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 14 - LONG-TERM OBLIGATIONS** - (Continued)

In March 1998, the District was notified by the Ohio School Facilities Commission that they would not be responsible for repaying the remainder of the \$8,266,334 classroom facilities loan to the State because the District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil. In lieu of the repayment, the District must set aside the funds that would have been used for repayment for facilities maintenance. As part of this process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution.

Compensated absences and intergovernmental payable will be paid from the fund from which the employee is paid. The asbestos removal loan and general obligation bonds will be paid from the Debt Service Fund.

The District's voted legal debt margin was \$4,544,974 with an unvoted debt margin of \$77,222 at June 30, 2001.

Principal and interest requirements to retire general obligation debt at June 30, 2001, are as follows:

Year Ending June 30	Asbestos Removal Loan	General Obligation Bonds
2002	\$18,637	\$218,531
2003	18,637	214,876
2004	18,637	216,025
2005	7,958	216,861
2006	0	217,375
2007-2011	0	1,089,700
2012-2016	0	1,067,625
2017-2019	0	621,625
Total Principal & Interest	63,869	3,862,618
Less: Interest	0	1,457,618
Total Principal	\$63,869	\$2,405,000

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 15 - STATUTORY SET-ASIDES**

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 fiscal year must be held in cash at fiscal year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Senate Bill 345 eliminated the requirement for a budget reserve; however, the amount of the budget reserve funded with workers' compensation refunds or rebates may only be used to offset a budget deficit or certain other expenditures as directed by the Board of Education.

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

	Textbooks	Capital Improvements	Budget Stabilization	Totals
Set-Aside Balance as of July 1, 2000	\$28,904	\$0	\$132,257	\$161,161
Reduction due to Senate Bill 345	0	0	(91,527)	(91,527)
Current Year Set-Aside Requirement	142,306	142,306	0	284,612
Current Year Offset	0	(38,936)	0	(38,936)
Qualifying Disbursements	(121,704)	(106,889)	0	(228,593)
Total	49,506	(3,519)	40,730	86,717
Set-Aside Balance as of June 30, 2001	<u>\$49,506</u>	<u>\$0</u>	<u>\$40,730</u>	
Total Restricted Assets				<u>\$90,236</u>

Senate Bill 345 eliminated the Budget Stabilization Reserve, except for amounts related to unspent Bureau of Workers' Compensation refunds. The Bill requires the Board of Education to designate its intended use of the Reserve. As of December 5, 2001, the Board has not made such a determination.

Although the District can have qualifying disbursements during the year that exceed the current year set-aside requirements in both the textbook and capital improvement reserve accounts, only the excess in the textbook reserve account can be carried forward to offset future years' textbook set-aside requirements. Each reserve must be represented by restricted cash at year-end and carried forward to be used for the same purposes in the future.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

**NOTE 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two Enterprise Funds to account for operations of food service sales and uniform school supply sales. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds as of and for the fiscal year ended June 30, 2001.

	Food Service	Uniform School Supplies	Total Enterprise
Operating Revenues	\$116,307	\$1,173	\$117,480
Operating Expenses Before Depreciation	426,547	1,339	427,886
Depreciation	1,494	0	1,494
Operating Loss	(311,734)	(166)	(311,900)
Donated Commodities	9,298	0	9,298
Operating Grants	256,454	0	256,454
Net Income (Loss)	(982)	(166)	(1,148)
Net Working Capital	(46,217)	1,434	(44,783)
Total Assets	11,707	1,434	13,141
Total Liabilities	53,210	0	53,210
Total Equity	(41,503)	1,434	(40,069)

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS**

**Tri-County Joint Vocational School District**

The Tri-County Joint Vocational School District is a jointly governed organization providing vocational services to its eight member Districts, governed by a board of education comprised of eleven members appointed by the participating schools. The board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Joint Vocational School is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2001, the District made no contributions to the Joint Vocational School. Financial information can be obtained from Tri-County Joint Vocational School, 15676 State Route 691, Nelsonville, Ohio 45764.

**Southeastern Ohio Voluntary Education Cooperative**

The District is a participant among a ten county consortium of school districts to operate the Southeastern Ohio Voluntary Education Cooperative (SEOVEC). The organization was formed for the purpose of applying modern technology, with the aid of computers and other electronic equipment, to administrative and instructional functions among member districts. SEOVEC is governed by a board of directors consisting of one representative from each of the participating districts. The degree of control exercised by any participating school district is limited to its representation on the Board. The District paid no fees to SEOVEC for services provided during the year. Financial information for SEOVEC can be obtained from their administrative offices at P.O. Box 1250, Athens, Ohio 45701.



**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 17 - JOINTLY GOVERNED ORGANIZATIONS** - (Continued)

**Athens County School Employee Health and Welfare Benefit Association**

The District is a participant in a consortium of seven districts to operate the Athens County School Employee Health and Welfare Benefit Association. The Association was created to provide health care and dental benefits for the employees and eligible dependents of employees of participating districts. The Association has contracted with Anthem Insurance Company to be the health care provider for medical benefits as well as to provide aggregate and specific stop loss insurance coverage, and Coresource to provide administration for its dental benefits. The Association is governed by a board of directors consisting of one representative from each of the participating districts. Financial information for the Association can be obtained from the administrators at Combs & Associates, P.O. Box 735, Kenton, OH 43326.

**NOTE 18 - GROUP PURCHASING POOL**

**Ohio School Boards Association Worker's Compensation Group Rating Plan**

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (thee "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 19 - SCHOOL FUNDING COURT DECISION**

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 5, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2001**

---

**NOTE 20 - CONTINGENCIES**

**Grants**

The 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 its subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

**Litigation**

As of June 30, 2001, the District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass-Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$	\$ 9,298	\$	\$ 9,699
School Breakfast Program	10.553	05-PU-00 05-PU-01	8,214 <u>53,503</u>		8,214 <u>53,503</u>	
Total School Breakfast Program			61,717	0	61,717	0
National School Lunch Program	10.555	LL-P1-00 LL-P4-00 LL-P1-01 LL-P4-01	20,369 3,850 128,568 <u>25,209</u>		20,369 3,850 128,568 <u>25,209</u>	
Total National School Lunch Program			<u>177,996</u>	0	<u>177,996</u>	0
Total Nutrition Cluster			<u>239,713</u>	<u>9,298</u>	<u>239,713</u>	<u>9,699</u>
Total U.S. Department of Agriculture			239,713	9,298	239,713	9,699
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed through Washington County Joint Vocational School District</i>						
Employment Services and Job Training - Pilot and Demonstration Program	17.249	WK-BE-00	461		196	
Total U.S. Department of Labor			461	0	196	0
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed through Ohio Department of Education</i>						
Title I Grants to Local Educational Agencies	84.010	C1-SD-00 C1-S1-00 C1-SD-01 C1-S1-01			6,228 71,742 9,815 <u>382,867</u>	
Total Title I Grants to Local Educational Agencies			394,737	0	421,971	0
Special Education Cluster:						
Special Education-Grants to States	84.027	6B-SF-99P 6B-SF-00P			17,452 <u>112,976</u>	
Total Special Education-Grants to States			123,155	0	130,428	0
Special Education-Preschool Grants	84.173	PG-S1-99 PG-S1-00	4,456		1,315 <u>3,028</u>	
Total Special Education-Preschool Grants			<u>4,456</u>	0	<u>4,343</u>	0
Total Special Education Cluster			127,611	0	134,771	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-99C DR-S1-00 DR-S1-01	3,460 2,596 <u>14,956</u>		1,584 6,745 <u>10,958</u>	
Total Safe and Drug-Free Schools and Communities - State Grants			21,012	0	19,287	0
Eisenhower Professional Development State Grants	84.281	MS-S1-99 MS-S1-01	8,732		3,153 <u>791</u>	
Total Eisenhower Professional Development State Grants			8,732	0	3,944	0
Innovative Education Program Strategies	84.298	C2-S1-00 C2-S1-01	3,810 <u>1,322</u>		3,835 <u>41</u>	
Total Innovative Education Program Strategies			5,132	0	3,876	0
Reading Excellence Act Program	84.338	RN-S1-00	570,145		400,710	
Class Size Reduction	84.340	CR-S1-00 CR-S1-01	6,229 <u>59,757</u>		15,707 <u>58,215</u>	
Total Class Size Reduction			<u>65,986</u>	0	<u>73,922</u>	0
Total U.S. Department of Education			1,193,355	0	1,058,481	0
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program (CAFS)	93.778	N/A	45,514		45,514	
Total U. S. Department of Health and Human Services			45,514	0	45,514	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$ 1,479,043</b>	<b>\$ 9,298</b>	<b>\$ 1,343,904</b>	<b>\$ 9,699</b>

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

**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY**

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

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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



**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  
www.auditor.state.oh.us

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

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

To the Board of Education:

We have audited the general purpose financial statements of the Nelsonville-York City School District, Athens County, Ohio (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 5, 2001, wherein we noted the District adopted Governmental Accounting Standards Board Statements 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated December 5, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 District in a separate letter dated December 5, 2001.

Nelsonville-York City School District  
Athens County  
Report of Independent Accountants on Compliance and on  
Internal Control Required by *Government Auditing Standards*  
Page 2

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

**Jim Petro**  
Auditor of State

December 5, 2001



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  
www.auditor.state.oh.us

**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**

Nelsonville-York City School District  
Athens County  
2 Buckeye Drive  
Nelsonville, Ohio 45764

To the Board of Education:

**Compliance**

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the District in a separate letter dated December 5, 2001.

**Internal Control Over Compliance**

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

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 a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management the District in a separate letter dated December 5, 2001.

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

**Jim Petro**  
Auditor of State

December 5, 2001



**NELSONVILLE-YORK CITY SCHOOL DISTRICT  
ATHENS COUNTY**

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

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under §.510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Reading Excellence Act Program, CFDA #84.338
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

**NELSONVILLE-YORK CITY SCHOOL DISTRICT**

**ATHENS 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  
JANUARY 8, 2002**