



**Auditor of State
Betty Montgomery**

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

TABLE OF CONTENTS

| TITLE | PAGE |
|--|-------------|
| Independent Accountants' Report..... | 1 |
| Management's Discussion and Analysis..... | 3 |
| Statement of Net Assets - June 30, 2003 | 11 |
| Statement of Activities - For the Year Ended June 30, 2003..... | 12 |
| Balance Sheet - Governmental Funds - June 30, 2003..... | 13 |
| Reconciliation of Total Governmental Fund Balances to Net Assets Of Governmental Activities – June 30, 2003..... | 14 |
| Statement of Revenues, Expenditures, and Changes In Fund Balances - Governmental Funds For the Fiscal Year Ended June 30, 2003 | 15 |
| Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities – June 30, 2003 | 16 |
| Statement of Revenues, Expenditures and Changes in Fund Balances Budget (Non-GAAP Basis) and Actual - General Fund For the Fiscal Year Ended June 30, 2003 | 17 |
| Statement of Fiduciary Net Assets - Fiduciary Funds - June 30, 2003 | 18 |
| Statement of Changes in Fiduciary Net Assets - Fiduciary Funds - For the Fiscal Year Ended June 30, 2003 | 19 |
| Notes to the Basic Financial Statements | 21 |
| Schedule of Federal Awards Expenditures - For the Year Ended June 30, 2003 | 46 |
| Notes to Schedule of Federal Awards Expenditures | 47 |
| Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> | 49 |
| Independent Accountants' Report on Compliance with Requirements Applicable To Its Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133 | 51 |
| Schedule of Findings..... | 53 |
| Schedule of Prior Year Findings | 54 |

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the Greeneview Local School District, Greene County, (the District) as of and for the year ended June 30, 2003, which collectively comprise the District's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Greeneview Local School District, Greene County, as of June 30, 2003, and the respective changes in financial position, and the respective budgetary comparison for the General Fund thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3, during the year ended June 30, 2003, the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 20, 2004, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

The District is experiencing certain financial difficulties. These conditions, and management's plans to address these concerns, are described in Note 22.

We conducted our audit to form opinions on the financial statements that collectively comprise the District's basic financial statements. The federal awards expenditure schedule is 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 basic financial statements. We subjected this information to the auditing procedures applied in the audit of the basic financial statements. In our opinion, this information is fairly stated in all material respects, in relation to the basic financial statements taken as a whole.

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

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

Betty Montgomery
Auditor of State

February 20, 2004

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

The discussion and analysis of Greeneview Local School District's financial performance provides an overall review of the School District's financial activities for the fiscal year ended June 30, 2003. The intent of this discussion and analysis is to look at the School District's financial performance as a whole; readers should also review the notes to the basic financial statements and financial statements to enhance their understanding of the School District's financial performance.

Financial Highlights

Key financial highlights for 2003 are as follows:

In total, net assets decreased \$1,136,769, which represents a 22 percent decrease from 2002.

General revenues accounted for \$10,427,598 in revenue or 87 percent of all revenues. Program specific revenues in the form of charges for services and operating grants, interest and contributions accounted for \$1,610,188 or 13 percent of total revenues of \$12,037,786.

Total assets of governmental activities decreased by \$932,102 as cash and cash equivalents decreased by \$1,550,762, receivables increased by \$358,747 and capital assets decreased by \$152,287.

The School District had \$13,174,555 in expenses; only \$1,610,188 of these expenses were offset by program specific charges for services, grants or contributions. General revenues (primarily taxes and entitlements) were \$10,427,598.

Among major funds, the general fund had \$9,872,171 in revenues and \$10,808,109 in expenditures. The general fund's balance decreased \$441,805 over 2002. The School District advanced \$39,404 to the food service special revenue fund (\$30,000), the latchkey special revenue fund (\$4,100), and the classroom size reduction special revenue fund (\$5,304) all from the general fund.

Using this General Accepted Accounting Principles Report (GAAP)

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

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Reporting the School District as a Whole

Statement of Net Assets and the Statement of Activities

While this document contains the large number of funds used by the School District to provide programs and activities, the view of the School District as a whole looks at all financial transactions and asks the question, "How did we do financially during 2003?" The Statement of Net Assets and the Statement of Activities answer this question. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

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

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

Reporting the School District's Most Significant Funds

Fund Financial Statements

The analysis of the School District's major funds begins on page 15. Fund financial reports provide detailed information about the School District's major funds. The School District uses many funds to account for a multitude of financial transactions. However, these fund financial statements focus on the School District's most significant funds. The School District's major governmental funds are the general fund and the debt service fund.

Governmental Funds

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

The School District as a Whole

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

Table 1 provides a summary of the School District's net assets for 2003 compared to 2002:

**Table 1
Net Assets**

| | 2002 | 2003 |
|---|--------------------|--------------------|
| Assets: | | |
| Current and Other Assets | \$5,724,966 | \$4,945,151 |
| Capital Assets | 13,286,058 | 13,133,771 |
| Total Assets | 19,011,024 | 18,078,922 |
| Liabilities: | | |
| Long-Term Liabilities | 9,756,111 | 9,881,424 |
| Other Liabilities | 4,015,142 | 4,094,496 |
| Total Liabilities | 13,771,253 | 13,975,920 |
| Net Assets: | | |
| Invested in Capital Assets, Net of Related Debt | 4,181,058 | 3,894,638 |
| Restricted | 1,155,046 | 714,162 |
| Unrestricted | (96,333) | (505,798) |
| Total Net Assets | \$5,239,771 | \$4,103,002 |

Total assets of governmental activities decreased by \$932,102, as cash and cash equivalents decreased by \$1,550,762, receivables increased by \$358,747, and capital assets decreased by \$152,287. Unrestricted net assets, the part of net assets that can be used to finance day-to-day activities without constraints established by grants or legal requirements, of the School District decreased by \$409,465.

Table 2 shows the changes in net assets for fiscal year 2003. Since this is the first year the School District has prepared financial statements following GASB Statement No. 34, revenue and expense comparisons to fiscal year 2002 are not available. In future years, when prior-year information is available, a comparative analysis of district-wide data will be presented.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

**Table 2
Changes in Net Assets**

| | 2003 |
|--|-------------|
| Revenues | |
| Program Revenues: | |
| Charges for Services | \$730,459 |
| Operating Grants, Interest and Contributions | 879,729 |
| Total Program Revenues | 1,610,188 |
| General Revenues: | |
| Property Taxes | 3,111,870 |
| Income Tax | 1,298,128 |
| Grants and Entitlements | 5,950,503 |
| Investment Earnings | 41,294 |
| Other | 25,803 |
| Total General Revenues | 10,427,598 |
| Total Revenues | 12,037,786 |
| Program Expenses | |
| Instruction | 6,385,666 |
| Support Services: | |
| Pupils and Instructional Staff | 1,375,384 |
| Board of Education, Administration, and Fiscal | 1,624,347 |
| Operation and Maintenance of Plant | 1,018,490 |
| Pupil Transportation | 1,472,406 |
| Central | 370 |
| Operation of Non-Instructional Services | 501,391 |
| Extracurricular Activities | 340,816 |
| Interest and Fiscal Charges | 455,685 |
| Total Expenses | 13,174,555 |
| Decrease in Net Assets | (1,136,769) |
| Net Assets – June 30, 2002 | 5,239,771 |
| Net Assets – June 30, 2003 | \$4,103,002 |

Governmental Activities

The unique nature of taxes in Ohio creates the need to routinely seek voter approval for the School District operations. Property taxes and income taxes made up 36.63 percent of revenues for governmental activities for the Greeneview Local School District for fiscal year 2003.

Instruction comprises 48.47 percent of district expenses. Support services expenses make up 41.69 percent of the expenses.

The Statement of Activities shows the cost of program services and the charges for services and grants offsetting those services. Table 3 shows the total cost of services and the net cost of services. That is, it identifies the cost of these services supported by tax revenue and unrestricted State entitlements.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Comparisons to 2002 have not been made because the data is not available.

Table 3

| | Total Cost of Services 2003 | Net Cost of Services 2003 |
|--|--|--------------------------------------|
| Instruction | \$6,385,666 | \$5,509,428 |
| Support Services: | | |
| Pupils and Instructional Staff | 1,375,384 | 1,331,442 |
| Board of Education, Administration, and Fiscal | 1,624,347 | 1,535,789 |
| Operation and Maintenance of Plant | 1,018,490 | 1,018,490 |
| Pupil Transportation | 1,472,406 | 1,424,715 |
| Central | 370 | 370 |
| Operation of Non-Instructional Services | 501,391 | 65,981 |
| Extracurricular Activities | 340,816 | 222,467 |
| Interest and Fiscal Charges | 455,685 | 455,685 |
| Total Expenses | \$13,174,555 | \$11,564,367 |

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

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

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

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

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

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

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

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

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

The dependence upon tax revenues is apparent. Over 87 percent of instruction activities are supported through taxes and other general revenues; for all activities general revenue support is 90 percent. The community, as a whole, is the primary support for the Greeneview Local School District.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

The School District's Funds

Information about the School District's major funds starts on page 15. These funds are accounted for using the modified accrual basis of accounting. All governmental funds had total revenues of \$11,778,334 and expenditures of \$13,378,125. The net change in fund balance for the year for all funds decreased by \$1,105,658.

General Fund Budgeting Highlights

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

During the course of the fiscal year 2003, the School District amended its general fund budget once during the fiscal year. The School District uses site-based budgeting and the budgeting systems are designed to tightly control total site budgets but provide flexibility for site management.

For the general fund, the final budget basis revenue and other financing sources estimate was \$10,409,972. The original budgeted estimate was \$10,201,105.

During fiscal year 2003, the School District budgeted and received \$3,485,144 and \$5,933,131 for property and other taxes and intergovernmental revenues respectively.

Capital Assets

At the end of the fiscal year 2003, the School District had \$13,133,771 invested in land, land improvement buildings and improvements, furniture, fixture, and equipment, and vehicles.

Table 4 shows fiscal 2003 balances compared to 2002.

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

| | 2002 | 2003 |
|----------------------------|--------------|--------------|
| Land | \$350,000 | \$350,000 |
| Land Improvements | 1,057,169 | 997,367 |
| Buildings and Improvements | 10,261,318 | 9,910,690 |
| Furniture and Equipment | 903,954 | 828,715 |
| Vehicles | 508,325 | 879,033 |
| Educational Media | 205,292 | 167,966 |
| Totals | \$13,286,058 | \$13,133,771 |

Overall capital assets decreased \$152,287 from fiscal year 2002 to fiscal year 2003. Increases in capital assets (primarily improvements, equipment and vehicles) were not enough to offset the depreciation expense for the year.

For more information on capital assets, see Note 10 of the Basic Financial Statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

Debt Administration

At June 30, 2003, the School District had one school improvement debt issue outstanding. This debt was issued 12/01/98. This project built a new high school for the district. The School District also entered into a School Bus Purchase Lease during 2003. The lease was for \$503,000, and the School District used the money to purchase new school buses.

**Table 5
Outstanding Debt at June 30,**

| | <u>2002</u> | <u>2003</u> |
|---------------------------|--------------------|--------------------|
| Energy Conservation Bonds | \$55,000 | \$0 |
| School Bus Bonds | 110,000 | 0 |
| School Improvement Bonds | 8,940,000 | 8,745,000 |
| Bus Purchase Lease | 0 | 503,000 |
| Totals | <u>\$9,105,000</u> | <u>\$9,248,000</u> |

At June 30, 2003, the School District's overall legal debt limitation was \$13,139,948, and the unvoted debt margin was \$145,999.

For more information on the School District's debt, see Note 16 of the Basic Financial Statements.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors and creditors with a general overview of the School District's finances and to show the School District's accountability for the money it receives. If you have questions about this report or need additional financial information contact Joan Corbitt, Treasurer at Greeneview Local School District, 4 South Charleston Road, Jamestown, Ohio 45335 or email at gv_jcorbitt@mveca.org.

This page intentionally left blank.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF NET ASSETS
JUNE 30, 2003**

| | Governmental Activities |
|---|------------------------------------|
| Assets: | |
| Cash and Cash Equivalents | \$892,824 |
| Cash and Cash Equivalents with Fiscal Agents | 907 |
| Inventory of Supplies and Materials | 13,918 |
| Accrued Interest Receivable | 2,068 |
| Accounts Receivable | 9,032 |
| Intergovernmental Receivable | 262,938 |
| Income Tax Receivable | 629,033 |
| Property and Other Taxes Receivable | 3,125,564 |
| Deferred Charges (Capital Leases) | 8,867 |
| Depreciable Capital Assets, Net | 12,783,771 |
| Land | 350,000 |
| Total Assets | 18,078,922 |
| Liabilities: | |
| Accounts Payable | 15,221 |
| Accrued Wages and Benefits Payable | 834,185 |
| Intergovernmental Payable | 371,303 |
| Accrued Interest Payable | 35,761 |
| Accrued Vacation Leave Payable | 13,239 |
| Deferred Revenue | 2,819,681 |
| Compensated Absences Payable | 5,106 |
| Long Term Liabilities: | |
| Due Within One Year | 322,421 |
| Due In More Than One Year | 9,559,003 |
| Total Liabilities | 13,975,920 |
| Net Assets: | |
| Invested in Capital Assets, Net of Related Debt | 3,894,638 |
| Restricted for: | |
| Debt Service | 166,089 |
| Capital Projects | 128,666 |
| Other Purposes | 419,407 |
| Unrestricted (Deficit) | (505,798) |
| Total Net Assets | \$4,103,002 |

See accompanying notes to the basic financial statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | <u>Program Revenues</u> | | <u>Net (Expense) Revenue and Changes in Net Assets</u> |
|---|---------------------------------|--|--|
| <u>Expenses</u> | <u>Charges for Services</u> | <u>Operating Grants, and Contributions</u> | <u>Total Governmental Activities</u> |
| Governmental Activities: | | | |
| Instruction: | | | |
| Regular | \$5,288,035 | \$230,395 | \$365,480 |
| Special | 1,016,152 | | 280,363 |
| Vocational | 81,479 | | (81,479) |
| Support Services: | | | |
| Pupils | 759,237 | | (759,237) |
| Instructional Staff | 616,147 | | (572,205) |
| Board of Education | 91,930 | 43,942 | (91,930) |
| Administration | 1,252,634 | 82,156 | (1,166,124) |
| Fiscal | 279,783 | | (277,735) |
| Operation and Maintenance of Plant | 1,018,490 | | (1,018,490) |
| Pupil Transportation | 1,472,406 | | (1,424,715) |
| Central | 370 | | (370) |
| Operation of Non-Instructional Services | 501,391 | 310,934 | (65,981) |
| Extracurricular Activities | 340,816 | 106,974 | (222,467) |
| Interest and Fiscal Charges | 455,685 | | (455,685) |
| Total Governmental Activities | 13,174,555 | 730,459 | 879,729 |

| | |
|--|---------------------------|
| General Revenues: | |
| Property Taxes Levied for: | |
| General Purposes | 2,400,620 |
| Debt Service | 711,250 |
| Income Taxes for General Purposes | 1,298,128 |
| Grants and Entitlements not Restricted to Specific Programs | 5,950,503 |
| Investment Earnings | 41,294 |
| Miscellaneous | 25,803 |
| Total General Revenues | 10,427,598 |
| | |
| Change in Net Assets | (1,136,769) |
| | |
| Net Assets Beginning of Year | 5,239,771 |
| Net Assets End of Year | <u><u>\$4,103,002</u></u> |

See accompanying notes to the basic financial statements.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2003**

| | <u>General</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|---------------------------|-------------------------|---|---|
| Assets: | | | | |
| Equity in Pooled Cash and Cash Equivalents | \$322,704 | \$149,925 | \$343,957 | \$816,586 |
| Equity in Pooled Cash and Cash Equivalents With Fiscal Agent | | | 907 | 907 |
| Receivables: | | | | |
| Property Taxes | 2,662,495 | 463,069 | | 3,125,564 |
| Income Taxes | 629,033 | | | 629,033 |
| Accounts | 8,348 | | 684 | 9,032 |
| Intergovernmental | | | 262,938 | 262,938 |
| Accrued Interest | 2,068 | | | 2,068 |
| Interfund | 39,404 | | | 39,404 |
| Inventory of Supplies and Materials | | | 13,918 | 13,918 |
| Restricted Assets: | | | | |
| Cash and Cash Equivalents | 76,238 | | | 76,238 |
| Total Assets | <u><u>3,740,290</u></u> | <u><u>612,994</u></u> | <u><u>622,404</u></u> | <u><u>4,975,688</u></u> |
| Liabilities and Fund Balances | | | | |
| Liabilities: | | | | |
| Accounts Payable | 12,213 | | 3,008 | 15,221 |
| Accrued Wages and Benefits Payable | 786,208 | | 47,977 | 834,185 |
| Interfund | | | 39,404 | 39,404 |
| Intergovernmental Payable | 249,258 | | 7,598 | 256,856 |
| Deferred Revenue | 2,557,262 | 425,935 | 225,508 | 3,208,705 |
| Compensated Absences Payable | 5,106 | | | 5,106 |
| Total Liabilities | <u><u>3,610,047</u></u> | <u><u>425,935</u></u> | <u><u>323,495</u></u> | <u><u>4,359,477</u></u> |
| Fund Balances | | | | |
| Reserved for Encumbrances | 74,014 | | 113,936 | 187,950 |
| Reserved for Property Tax | 181,407 | 37,134 | | 218,541 |
| Reserved for Budget Stabilization | 76,238 | | | 76,238 |
| Designated for Budget Stabilization | 94,942 | | | 94,942 |
| Unreserved, Undesignated (Deficit), Reported in: | | | | |
| General Fund | (296,358) | | | (296,358) |
| Special Revenue Funds | | | 135,929 | 135,929 |
| Debt Service Fund | | 149,925 | | 149,925 |
| Capital Projects Funds | | | 49,044 | 49,044 |
| Total Fund Balances | <u><u>130,243</u></u> | <u><u>187,059</u></u> | <u><u>298,909</u></u> | <u><u>616,211</u></u> |
| Total Liabilities and Fund Balances | <u><u>\$3,740,290</u></u> | <u><u>\$612,994</u></u> | <u><u>\$622,404</u></u> | <u><u>\$4,975,688</u></u> |

See accompanying notes to the basic financial statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCE TO
NET ASSETS OF GOVERNMENTAL ACTIVITIES
JUNE 30, 2003**

| | | |
|--|--------------|--------------|
| Total Governmental Fund Balance | | \$616,211 |
| Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. | | 8,867 |
| Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds. These assets consist of: | | |
| Land | 350,000 | |
| Land Improvements | 1,406,742 | |
| Building and Improvements | 12,772,740 | |
| Furniture and Equipment | 1,746,723 | |
| Vehicles | 1,896,434 | |
| Educational Media | 424,852 | |
| Accumulated Depreciation | (5,463,720) | |
| Total Capital Assets | 13,133,771 | 13,133,771 |
| Other long-term assets are not available to pay for the current period's expenditures and therefore are deferred in the funds. | | |
| Property Taxes Receivable | 87,342 | |
| Intergovernmental Receivable | 225,508 | |
| Accounts Receivable | 4,473 | |
| Income Taxes Receivable | 71,701 | |
| | 389,024 | 389,024 |
| Some liabilities are not due and payable in the current period and therefore are not reported in the funds. These liabilities consist of: | | |
| Intergovernmental Payable | (114,447) | |
| Accrued Vacation Leave Payable | (13,239) | |
| Accrued Interest on Bonds | (35,761) | |
| Compensated Absences | (633,424) | |
| Capital Leases | (503,000) | |
| Bonds Payable | (8,745,000) | |
| Total Liabilities | (10,044,871) | (10,044,871) |
| Net Assets of Governmental Activities | | \$4,103,002 |

See accompanying notes to the basic financial statements.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | <u>General</u> | <u>Debt Service</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|---|-------------------|-------------------------|---|---|
| Revenues: | | | | |
| Property and Other Taxes | \$2,381,688 | \$710,160 | | \$3,091,848 |
| Income Tax | 1,273,338 | | | 1,273,338 |
| Tuition and Fees | 225,922 | | \$51,432 | 277,354 |
| Interest | 33,724 | | 7,570 | 41,294 |
| Intergovernmental | 5,930,887 | 67,307 | 580,480 | 6,578,674 |
| Extracurricular Activities | | | 180,915 | 180,915 |
| Charges for Services | | | 259,702 | 259,702 |
| Gifts and Donations | | | 27,490 | 27,490 |
| Rent | 8,015 | | | 8,015 |
| Miscellaneous | 18,597 | | 21,107 | 39,704 |
| Total Revenues | <u>9,872,171</u> | <u>777,467</u> | <u>1,128,696</u> | <u>11,778,334</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,505,317 | | 214,855 | 4,720,172 |
| Special | 779,054 | | 243,684 | 1,022,738 |
| Vocational | 78,491 | | | 78,491 |
| Support Services: | | | | |
| Pupils | 729,047 | | 26,785 | 755,832 |
| Instructional Staff | 518,855 | | 45,761 | 564,616 |
| Board of Education | 91,550 | | | 91,550 |
| Administration | 1,150,024 | | 84,334 | 1,234,358 |
| Fiscal | 263,025 | 9,188 | 2,948 | 275,161 |
| Operation and Maintenance of Plant | 1,008,760 | | 10,424 | 1,019,184 |
| Pupil Transportation | 1,327,574 | | | 1,327,574 |
| Operation of Non-Instructional Services | 2,017 | | 482,475 | 484,492 |
| Extracurricular Activities | 183,278 | | 138,567 | 321,845 |
| Capital Outlay | 163,093 | | 501,355 | 664,448 |
| Debt Service: | | | | |
| Principal Retirement | | 360,000 | | 360,000 |
| Interest and Fiscal Charges | 8,024 | 449,640 | | 457,664 |
| Total Expenditures | <u>10,808,109</u> | <u>818,828</u> | <u>1,751,188</u> | <u>13,378,125</u> |
| Excess of Revenues Under Expenditures | (935,938) | (41,361) | (622,492) | (1,599,791) |
| Other Financing Sources (Uses): | | | | |
| Transfers - In | | | 4,221 | 4,221 |
| Inception of Capital Lease | 503,000 | | | 503,000 |
| Other Financing Uses | (8,867) | | | (8,867) |
| Transfers - Out | | | (4,221) | (4,221) |
| Total Other Financing Sources (Uses) | <u>494,133</u> | | <u>(4,221)</u> | <u>494,133</u> |
| Net Change in Fund Balances | (441,805) | (41,361) | (622,492) | (1,105,658) |
| Fund Balances at Beginning of Year - Restated Note 3 | <u>572,048</u> | <u>228,420</u> | <u>921,401</u> | <u>1,721,869</u> |
| Fund Balances at End of Year | <u>\$130,243</u> | <u>\$187,059</u> | <u>\$298,909</u> | <u>\$616,211</u> |

See accompanying notes to the basic financial statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2003**

| | | |
|--|-----------|---------------|
| Net Change in Fund Balances - Total Governmental Funds | | (\$1,105,658) |
| Amounts reported for governmental activities in the statement of activities are different because: | | |
| Deferred charges used in governmental activities are not financial resources and therefore are not reported in the funds. | | 8,867 |
| Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. In the current period, these amounts are: | | |
| Capital Outlay | \$634,921 | |
| Depreciation Expense | (754,396) | |
| Excess of Depreciation over Capital Outlay | (119,475) | (119,475) |
| The proceeds from the sale of capital assets are reported as an other financing source in the governmental funds. However, the cost of the capital assets is removed from the capital assets account on the statement of net assets and is offset against the proceeds from the sale of capital assets resulting in a gain on disposal of capital assets on the statement of activities. | | |
| Gain on sale of capital assets | | 32,812 |
| Some revenues that will not be collected for several months after the School District's fiscal year ends are not considered "available" revenues and are deferred in the governmental funds. Deferred revenues increased by this amount this year. | | |
| Property Taxes | 20,022 | |
| Income Taxes | 24,790 | |
| Accounts | (9,437) | |
| Intergovernmental | 221,127 | 256,502 |
| Repayment of long-term debt is reported as an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. In the current year, these amounts consist of bond principal payments. | | 360,000 |
| Capital leases | | (503,000) |
| Some items reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. These activities consist of: | | |
| Decrease in Intergovernmental Payable | (83,705) | |
| Increase in Accrued Interest Payable | 1,979 | |
| Increase in Compensated absences Payable | 14,909 | (66,817) |
| Change in Net Assets of Governmental Activities | | (\$1,136,769) |

See accompanying notes to the basic financial statements.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL
GENERAL FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance With Final Budget Positive (Negative)</u> |
|---|-------------------------|-------------------|--------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property and Other Taxes | \$2,210,726 | \$2,143,566 | \$2,414,630 | \$271,064 |
| Income Tax | 1,200,001 | 1,163,546 | 1,070,514 | (93,032) |
| Tuition and Fees | 146,500 | 142,049 | 190,074 | 48,025 |
| Interest | 50,000 | 48,481 | 33,744 | (14,737) |
| Intergovernmental | 6,506,005 | 6,308,358 | 5,933,131 | (375,227) |
| Gifts and Donations | 53,681 | 52,050 | | (52,050) |
| Rent | 4,700 | 4,557 | 8,015 | 3,458 |
| Miscellaneous | 9,492 | 9,204 | 16,671 | 7,467 |
| Total Revenues | <u>10,181,105</u> | <u>9,871,811</u> | <u>9,666,779</u> | <u>(205,032)</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Instruction: | | | | |
| Regular | 4,421,908 | 4,491,333 | 4,491,333 | |
| Special | 834,915 | 775,904 | 775,904 | |
| Vocational | 73,791 | 77,771 | 77,771 | |
| Other | 30,000 | | | |
| Support Services: | | | | |
| Pupils | 605,343 | 732,206 | 732,206 | |
| Instructional Staff | 410,081 | 500,858 | 500,858 | |
| Board of Education | 122,201 | 98,131 | 98,131 | |
| Administration | 1,127,940 | 1,145,704 | 1,145,704 | |
| Fiscal | 273,606 | 268,737 | 268,737 | |
| Operation and Maintenance of Plant | 953,695 | 1,048,891 | 1,048,891 | |
| Pupil Transportation | 1,301,748 | 1,339,758 | 1,339,758 | |
| Operation of Non-Instructional Services | 8,509 | 13,144 | 13,144 | |
| Extracurricular Activities | 193,500 | 185,801 | 185,801 | |
| Capital Outlay | 194,032 | 172,485 | 172,485 | |
| Debt Service: | | | | |
| Principal | 55,000 | | | |
| Interest | 2,805 | 8,024 | 8,024 | |
| Total Expenditures | <u>10,609,074</u> | <u>10,858,747</u> | <u>10,858,747</u> | |
| Excess of Revenues Under Expenditures | <u>(427,969)</u> | <u>(986,936)</u> | <u>(1,191,968)</u> | <u>(205,032)</u> |
| Other Financing Sources (Uses): | | | | |
| Refund of Prior Year Expenditures | 20,000 | 35,161 | 35,161 | |
| Proceeds from Capital Leases | | 503,000 | 503,000 | |
| Advances Out | (10,000) | (39,404) | (39,404) | |
| Transfers - Out | (61,000) | | | |
| Other Financing Uses | | (8,867) | (8,867) | |
| Total Other Financing Sources (Uses) | <u>(51,000)</u> | <u>489,890</u> | <u>489,890</u> | |
| Net Decrease in Fund Balances | (478,969) | (497,046) | (702,078) | (205,032) |
| Fund Balances at Beginning of Year | 532,543 | 532,543 | 532,543 | |
| Prior Year Encumbrances Appropriated | 374,138 | 374,138 | 374,138 | |
| Fund Balances at End of Year | <u>\$427,712</u> | <u>\$409,635</u> | <u>\$204,603</u> | <u>(\$205,032)</u> |

See accompanying notes to the basic financial statements.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
JUNE 30, 2003**

| | Private Purpose Trust | |
|--|----------------------------------|---------------|
| | Scholarship | Agency |
| Assets: | | |
| Equity in Pooled Cash and Cash Equivalents | \$310,964 | \$32,119 |
| Accrued Interest Receivable | 17,018 | |
| | \$327,982 | \$32,119 |
| Liabilities: | | |
| Deposits Held and Due to Students | | 32,119 |
| Total Liabilities | | \$32,119 |
| Net Assets: | | |
| Held in Trust for Scholarships | \$327,982 | |

See accompanying notes to the basic financial statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**STATEMENT OF CHANGES IN FIDUCIARY NET ASSETS
FIDUCIARY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

| | Private Purpose Trust |
|--|----------------------------------|
| | Scholarship |
| Additions | |
| Interest | \$34,735 |
| Gifts and Donations | 34,752 |
| Total Additions | 69,487 |
| Deletions | |
| Payments in Accordance with Trust Agreements | 27,581 |
| Change in Net Assets | 41,906 |
| Net Assets Beginning of Year | 286,076 |
| Net Assets End of Year | \$327,982 |

See accompanying notes to the basic financial statements.

This page intentionally left blank.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as authorized by its charter and further mandated by State and/or federal agencies. It is staffed by 89 non-certified employees, 109 certified full time teaching personnel, including 9 administrators, who provide services to 1,636 students and other community members. The School District currently operates 5 instructional/support facilities.

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

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

The School District is associated with three jointly governed organizations and two insurance purchasing pools. These organizations are discussed in Note 17 and 18 to the basic financial statements. These organizations are:

Jointly Governed Organizations:

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

Insurance Purchasing Pools:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Greeneview Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the School District's accounting policies are described below.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis of Presentation

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

1. Government-wide Financial Statements:

The statement of net assets and the statement of activities display information about the School District as a whole. These statements include the financial activities of the primary government, except for fiduciary funds. The government-wide statements usually distinguish between those activities that are governmental and those that are business-type. The School District, however, has no activities which are reported as business-type. The government-wide statements also exclude fiduciary funds.

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

2. Fund Financial Statements:

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

B. Fund Accounting

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Governmental Funds:

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

General Fund

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

Debt Service Fund

The debt service fund accounts for accumulation of resources to be used for the payment of short-term and long-term general obligation debt principal and interest.

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

Fiduciary Fund Types:

Fiduciary fund reporting focuses on net assets and changes in net assets. The fiduciary fund category is split into four classifications: pension trust funds, investment trust funds, private-purpose trust funds and agency funds. The School District's only trust fund is a private purpose trust which accounts for various college scholarship programs for students. The agency fund is custodial in nature (assets equal liabilities) and does not involve measurement of results of operations. The student managed activities agency fund accounts for those student activity programs which have student participation in the activity and have students involved in the management of the program. This fund typically includes those student activities which consist of a student body, student president, student treasurer, and faculty advisor.

C. Measurement Focus

1. Government-wide Financial Statements:

The government-wide financial statements are prepared using the economic resources measurement focus. All assets and liabilities associated with the operation of the School District are included on the Statement on Net Assets. The Statement of Activities accounts for increases (i.e. revenues) and decreases (i.e. expenses) in total net assets.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Fund Financial Statements

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

D. Basis of Accounting

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

1. Revenues - Exchange and Non-exchange Transactions:

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

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

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

**GREENEVUE LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. Deferred Revenue:

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements from other school districts received before the eligibility requirements are met are also recorded as deferred revenue.

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

3. Expenses/Expenditures:

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

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

E. Budgetary Data

All funds, other than the agency fund are legally required to be budgeted and appropriated. The major documents prepared are the tax budget, the appropriation resolution and the certificate of estimated resources, which are prepared on the budgetary basis of accounting. The tax budget demonstrates a need for existing or increased tax rates. The certificate of estimated resources establishes a limit on the amounts that the Board of Education may appropriate. The appropriation resolution is the Board's authorization to spend resources and sets annual limits on expenditures plus encumbrances at a level of control selected by the Board. The legal level of control has been established by the Board of Education at the fund level.

The certificate of estimated resources may be amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported as the original budgeted amounts in the budgetary statements reflect the amounts in the certificate when the original appropriations were adopted. The amounts reported as the final budgeted amounts in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2003.

The appropriation resolution is subject to amendment by the Board throughout the year with the restriction that appropriations may not exceed estimated revenues. The amounts reported as the original budgeted amounts reflect the first appropriation for that fund that covered the entire fiscal year, including amounts automatically carried over from prior years. The amounts reported as the final budgeted amounts represent the final appropriation amounts passed by the Board during the year. Prior to fiscal year-end, the School District passed an amended appropriation resolution which matched appropriations to expenditures plus encumbrances.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled, with the exception of cash and cash equivalents held by fiscal agents. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through the School District's records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents." During fiscal year 2003, investments were limited to Federal National Mortgage Association Notes, a money market fund, repurchase agreement and certificates of deposit.

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

The Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$33,724, which includes \$20,994 assigned from other funds.

Investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are presented on the financial statements as cash equivalents.

G. Interfund Assets/Liabilities

On the fund financial statements, receivables and payables resulting from short-term interfund loans are classified as "interfund receivables" and "interfund payables." These amounts are eliminated in the governmental activities column of the statement of net assets.

H. Inventory

Inventories are presented at cost on a first-in, first-out basis and are expensed/expensed when used. Inventory consists of expendable supplies held for consumption and purchased foods held for resale.

I. Restricted Assets

Assets are reported as restricted when limitations on their use change the nature or normal understanding of the availability of the asset. Such constraints are either imposed by creditors, contributors, grantors, laws of other governments, or imposed by enabling legislation. Restricted assets in the general fund include amounts required by State statute to be set aside to create a reserve for budget stabilization.

J. Capital Assets and Depreciation

The School District's only capital assets are general capital assets. General capital assets result from expenditures in the governmental funds. These assets are reported in the governmental activities column of the government-wide statement of net assets but are not reported in the fund financial statements.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

All capital assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of \$1,500. The School District does not possess any infrastructure. Improvements are capitalized; the costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not.

All reported capital assets except for land are depreciated. Improvements are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

| <u>Description</u> | <u>Estimated Lives</u> |
|------------------------------------|------------------------|
| Land Improvements | 20 years |
| Buildings and Improvements | 25-50 years |
| Furniture, Fixtures, and Equipment | 5-20 years |
| Vehicles | 8 years |
| Educational Media | 6-15 years |

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Compensated Absences

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

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

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

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

M. Interfund Transactions

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

N. Fund Balance Reserves and Designation

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. The School District also designates a portion of fund balance to indicate tentative plans for future financial resource uses that reflect managerial plans or intent. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property tax, and budget stabilization. A fund designation has been established for budget stabilization for amounts in excess of the statutory required amount.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The designation for budget stabilization represents money set-aside by the Board of Education in excess of what is required by statute.

O. Net Assets

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

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

P. Estimates

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

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Q. Issuance Costs

Issuance costs for the capital lease are deferred and amortized over the term of the lease using the straight line method since the results are not significantly different from the effective interest method. These issuance costs are presented as deferred charges.

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/RETAINED EARNINGS

For fiscal year 2003, the School District has implemented GASB Statement No. 34, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments", GASB Statement No. 37, "Basic Financial Statements for State and Local Governments: Omnibus", GASB Statement No. 38, "Certain Financial Statement Note Disclosures", GASB Statement No. 41, "Budgetary Comparison Schedules - Perspective Differences", and GASB Interpretation No. 6 "Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements."

GASB Statement No. 34 creates new basic financial statements for reporting on the School District's financial activities. The financial statements now include government-wide financial statements prepared on an accrual basis of accounting and fund financial statements which present information for individual major funds rather than by fund type. Nonmajor funds are presented in total in one column. The government-wide financial statements combine the governmental activities into one column.

GASB Interpretation No. 6 clarifies the application of standards for modified accrual recognition of certain liabilities and expenditures that potentially could arise, in interpretation and practice.

During fiscal year 2003, the food service and latchkey enterprise funds were reclassified to special revenue funds and are considered nonmajor funds under the guidelines of GASB Statement No. 34. This restatement had the following effect on fund balance of major and nonmajor funds of the School District as they were previously reported. The transition from governmental fund balance to net assets of the governmental activities is also presented.

| | General | Debt Service | Non-major | Totals |
|--|----------------|---------------------|------------------|---------------|
| Fund Balance June 30, 2002 | \$562,938 | \$228,420 | \$934,990 | \$1,726,348 |
| Interpretation No. 6 | 9,110 | 0 | 8,673 | 17,783 |
| Fund Type Reclassification | 0 | 0 | (22,262) | (22,262) |
| Adjusted Fund Balance June 30, 2002 | \$572,048 | \$228,420 | \$921,401 | 1,721,869 |
| GASB 34 Adjustments: | | | | |
| Accounts Receivables | | | | 13,910 |
| Intergovernmental Receivable | | | | 1,440 |
| Property and Other Local Taxes Receivable | | | | 67,320 |
| Income Taxes Receivable | | | | 46,911 |
| Capital Assets | | | | 13,286,058 |
| Intergovernmental Payable | | | | (85,077) |
| Vacation Leave Payable | | | | (18,809) |
| Energy Conservation Bonds | | | | (55,000) |
| General Obligation Bonds | | | | (9,050,000) |
| Accrued Interest Payable | | | | (37,740) |
| Compensated Absences Payable | | | | (651,111) |
| Governmental Activities Net Assets June 30, 2002 | | | | \$5,239,771 |

**GREENEVUE LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCES/RETAINED EARNINGS (Continued)

GASB Statement No. 37 clarifies certain provisions of *GASB Statement No. 34*, including the required content of the Management's Discussion and Analysis, the classification of program revenues, and the criteria for determining major funds.

GASB Statement No. 38 modifies, establishes, and rescinds certain financial statement note disclosure.

4. FUND DEFICITS

At June 30, 2003, the Lunchroom, Latchkey, DPIA, and Ohio reads special revenue funds had deficit fund balances of \$29,317, \$4,516, \$1,692 and \$80, respectively. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types 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 are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).
5. Unrecorded cash represents amounts received but not included as revenue on the budget basis operating statement. These amounts are included as revenue on the GAAP basis operating statements.

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

| Net Change in Fund Balance | |
|---|---------------------------|
| GAAP Basis | (\$441,805) |
| Net Adjustment for Revenue Accruals | (170,231) |
| Net Adjustment for Expenditure Accruals | 36,314 |
| Advances | (39,404) |
| Adjustment for Encumbrances | <u>(86,952)</u> |
| Budget Basis | <u><u>(\$702,078)</u></u> |

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

6. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five 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 or deposit accounts including, but not limited to, passbook accounts.

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

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

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

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

Cash on Hand: At fiscal year end, the School District had \$300 in undeposited cash in hand which is included on the balance sheet of the School District as part of "equity in pooled cash and cash equivalents".

The "cash and cash equivalents with fiscal agents" of \$907 shown in the special revenue funds is maintained by the Greene County Educational Service Center. GASB 3 disclosures regarding this amount can be obtained from their annual report.

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$378,863 and the bank balance was \$412,160. \$205,523 of the bank balance was covered by Federal Depository Insurance and the remainder was considered uninsured and uncollateralized as defined by GASB Statement No. 3. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

| | <u>Category 2</u> | <u>Unclassified</u> | <u>Carrying/Fair Value</u> |
|--|-----------------------|---------------------|--------------------------------|
| Federal National Mortgage Association (FNMA) Notes | \$348,930 | \$0 | \$348,930 |
| Repurchase Agreement | 486,588 | 0 | 486,588 |
| Money Market Fund | 22,133 | 0 | 22,133 |
| | <u>\$857,651</u> | <u>\$0</u> | <u>\$857,651</u> |

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

| | Cash and Cash Equivalents/ Deposits | Investments |
|---|--|--------------------|
| GASB Statement No. 9 | \$1,236,814 | |
| Cash on Hand | (300) | |
| Investments: | | |
| Federal National Mortgage Association (FNMA) Notes | (348,930) | \$348,930 |
| Repurchase Agreement | (486,588) | 486,588 |
| Money Market Fund | (22,133) | 22,133 |
| GASB Statement No. 3 | \$378,863 | \$857,651 |

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the School District. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002, and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

7. PROPERTY TAXES (Continued)

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Greene and Clinton County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is reported as revenue at fiscal year-end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003, was \$181,407 in the general fund and \$37,134 in the bond retirement debt service fund. On a full accrual basis, collectable property taxes have been recorded as a receivable and revenue while on a modified accrual basis the revenue is deferred.

The assessed values upon which the fiscal year 2003 taxes were collected are:

| | 2002 Second- Half Collections | | 2003 First- Half Collections | |
|---|--|----------------|---|----------------|
| | Amount | Percent | Amount | Percent |
| Agricultural/Residential And Other Real Estate | \$114,607,160 | 89.74% | \$132,834,490 | 90.98% |
| Public Utility | 12,360 | .01 | 12,590 | .01 |
| Tangible Personal Property | 13,086,260 | 10.25 | 13,152,345 | 9.01 |
| Total Assessed Value | <u>\$127,705,780</u> | <u>100.00%</u> | <u>\$145,999,425</u> | <u>100.00%</u> |
| Tax rate per \$1,000 of assessed valuation | \$38.90 | | \$37.80 | |

8. INCOME TAX

The School District levies a voted tax of ½ percent for general operations on the income of residents and of estates. The tax was effective on 1/1/91, and is a continuing tax. Effective January 1, 2002, the residents voted an additional ½ percent income tax for a five-year period. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the general fund. Income tax revenue credited to the general fund for fiscal year 2003 was \$1,273,338.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

9. RECEIVABLES

Receivables at June 30, 2003, consisted of property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental grants, and interfund.

A summary of the principal items of intergovernmental receivables follows:

| <u>Governmental Activities</u> | <u>Amounts</u> |
|-------------------------------------|------------------|
| Nonmajor Funds | |
| Federal and State Lunchroom Subsidy | \$11,324 |
| IDEA, Part B Grant | 13 |
| Title I | 22,804 |
| Title V | 1,066 |
| Emergency Repair Grant | 204,731 |
| Title II-A | 21,669 |
| Assistive Technology Infusion Grant | 1,331 |
| Total Nonmajor Funds | <u>262,938</u> |
| Total Intergovernmental Receivables | <u>\$262,938</u> |

10. CAPITAL ASSETS

Capital asset activity for the fiscal year ended June 30, 2003, was as follows:

| | <u>Restated Balance 6/30/02</u> | <u>Additions</u> | <u>Deductions</u> | <u>Balance 6/30/03</u> |
|---|---|--------------------|-------------------|----------------------------|
| Governmental Activities | | | | |
| Capital Asset, not Being Depreciated: | | | | |
| Land | \$350,000 | \$0 | \$0 | \$350,000 |
| Capital Assets, Being Depreciated: | | | | |
| Land Improvements | 1,406,742 | 0 | 0 | 1,406,742 |
| Buildings and Improvements | 12,772,740 | 0 | 0 | 12,772,740 |
| Furniture, Fixture, and Equipment | 1,732,855 | 140,788 | 126,920 | 1,746,723 |
| Vehicles | 1,402,301 | 494,133 | 0 | 1,896,434 |
| Educational Media | 424,852 | 0 | 0 | 424,852 |
| Total Capital Assets, Being Depreciated | <u>17,739,490</u> | <u>634,921</u> | <u>126,920</u> | <u>18,247,491</u> |
| Less Accumulated Depreciation: | | | | |
| Land Improvements | (349,573) | (59,802) | 0 | (409,375) |
| Buildings and Improvements | (2,511,422) | (350,628) | 0 | (2,862,050) |
| Furniture, Fixture and Equipment | (828,901) | (183,215) | 94,108 | (918,008) |
| Vehicles | (893,976) | (123,425) | 0 | (1,017,401) |
| Educational Media | (219,560) | (37,326) | 0 | (256,886) |
| Total Accumulated Depreciation | <u>(4,803,432)</u> | <u>(754,396)</u> | <u>94,108</u> | <u>(5,463,720)</u> |
| Capital Assets, Being Depreciated, Net | <u>12,936,058</u> | <u>(119,475)</u> | <u>(32,812)</u> | <u>12,783,771</u> |
| Governmental Activities Capital Assets, Net | <u>\$13,286,058</u> | <u>(\$119,475)</u> | <u>(\$32,812)</u> | <u>\$13,133,771</u> |

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

10. CAPITAL ASSETS (Continued)

* Depreciation expense was charged to governmental functions as follows:

| | |
|---|------------------|
| Instruction: | |
| Regular | \$526,749 |
| Vocational | 1,527 |
| Support Services: | |
| Pupils | 1,457 |
| Instructional Staff | 33,297 |
| Administration | 23,723 |
| Fiscal | 327 |
| Central | 370 |
| Operation and Maintenance of Plant | 2,902 |
| Pupil Transportation | 131,750 |
| Operation of Non-Instructional Services | 13,807 |
| Extracurricular Activities | 18,487 |
| Total Depreciation Expense | <u>\$754,396</u> |

11. RISK MANAGEMENT

A. Property and Liability

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2003, the School District contracted with Indiana Insurance Company for general liability insurance with a \$1,000,000 single occurrence limit and a \$5,000,000 aggregate. Property is also protected by Indiana Insurance Company and holds a \$500 deductible.

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

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

For fiscal year 2003, the School District participated in the Southwest Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 18). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Comp Incorporated provides administrative, cost control and actuarial services to the GRP.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

12. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001 were \$162,038, \$86,078, and \$37,241, respectively; 58.78 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001.

B. State Teachers Retirement System of Ohio

The School District participates in the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5 percent of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment.

The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$660,474, \$431,072, and \$419,565, respectively; 83.76 percent has been contributed for fiscal year 2003 and 100 percent for fiscal years 2002 and 2001. Contributions to the DC and Combined Plans for fiscal year 2003 were \$6,523 made by the School District and \$5,777 made by the plan members.

13. POST-EMPLOYMENT BENEFITS

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

All STRS Ohio benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Ohio Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS Ohio. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS Ohio funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Ohio Board allocated employer contributions equal to 1.0 percent of covered payroll to the Health Care Stabilization Fund. For the fiscal year ended June 30, 2003, the STRS Ohio Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Stabilization Fund. For the School District, this amount equaled \$50,806 for fiscal year 2003.

STRS Ohio pays health care benefits from the Health Care Stabilization Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS Ohio were \$354,697,000 and STRS Ohio had 105,300 eligible benefit recipients.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

13. POST-EMPLOYMENT BENEFITS

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health care benefits were 5.83 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 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$153,779.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2003 (the latest information available), were \$204,930,737 and the target level was \$307.4 million. At June 30, 2003, SERS had net assets available for payment of health care benefits of \$303.6 million. SERS has approximately 50,000 participants currently receiving health care benefits.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 240 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 60 days.

B. Health Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through the Horace Mann Company. The School District has elected to provide employee medical/surgical benefits through United Health Care of Ohio. The employees share the cost of the monthly premium with the Board. The premium varies with employee depending on the terms of the union contract. Dental insurance is provided by the School District to most employees through the Southwestern Ohio Educational Purchasing Cooperative's Employee Benefit Plan Trust. See Note 18.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

15. CAPITAL LEASES – LESSEE DISCLOSURE

During fiscal year 2003, the School District entered into a lease-purchase agreement for the purchase of school buses. The School District is leasing the school buses. The lease agreement is accounted for as a capital outlay expenditure in the general fund with an offsetting amount reported as an other financing source, inception of capital lease. This lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the basic financial statements for the governmental funds. These expenditures are reported as program/function expenditures on a budgetary basis.

Capital assets acquired by lease have been capitalized in the statement of net assets for governmental activities in the amount of \$503,000, which is equal to the present value of the minimum lease payments at the time of acquisition. A corresponding liability was split between long-term liabilities due within one year and long-term liabilities due within more than one year on the statement of net assets for governmental activities. There were no principal payments during fiscal year 2003.

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2003.

| Fiscal Year Ending June 30, | Total Payments |
|---|---------------------------|
| 2004 | \$86,675 |
| 2005 | 95,630 |
| 2006 | 96,016 |
| 2007 | 95,022 |
| 2008 | 94,682 |
| 2009 | 94,958 |
| Total | \$562,983 |
| Less: Amount Representing Interest | (59,983) |
| Present Value of Net Minimum Lease Payments | \$503,000 |

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

16. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2003 were as follows:

| | Restated Amount Outstanding 6/30/02 | Additions | Deductions | Amount Outstanding 6/30/03 | Amounts Due in One Year |
|--|--|------------------|-------------------|---|--|
| Governmental Activities | | | | | |
| General Obligation Bonds: | | | | | |
| Energy Conservation Bonds | | | | | |
| 1993 5.10% | \$55,000 | \$0 | \$55,000 | \$0 | \$0 |
| School Bus Bonds | | | | | |
| 1998 5.00% | 110,000 | 0 | 110,000 | 0 | 0 |
| School Improvement Bonds | | | | | |
| 1999 3.4 to 5.75% | 8,940,000 | 0 | 195,000 | 8,745,000 | 200,000 |
| Capital Lease | 0 | 503,000 | 0 | 503,000 | 70,000 |
| Compensated Absences | 651,111 | 0 | 17,687 | 633,424 | 52,421 |
| Total Governmental Activities Long – Term Liabilities | <u>\$9,756,111</u> | <u>\$503,000</u> | <u>\$377,687</u> | <u>\$9,881,424</u> | <u>\$322,421</u> |

Energy Conservation Bonds

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

School Bus Bonds

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

School Improvement Bonds

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

All general obligation debt is supported by the full faith and credit of the School District. The Energy Conservation Bond will be paid from the general fund while the School Bus Bonds and School Improvement Bonds will be paid from the debt service fund. Compensated absences will be paid from the fund from which the employees' salaries are paid. At June 30, 2003, the School District's overall legal debt limitation was \$13,139,948, and the unvoted debt margin was \$145,999.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2003, are as follows:

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

16. LONG-TERM OBLIGATIONS

| <u>Fiscal Year Ending June 30,</u> | <u>Principal</u> | <u>Interest</u> | <u>Total</u> |
|--|--------------------|--------------------|---------------------|
| 2004 | \$200,000 | \$432,333 | \$632,333 |
| 2005 | 210,000 | 424,183 | 634,183 |
| 2006 | 220,000 | 415,473 | 635,473 |
| 2007 | 225,000 | 406,238 | 631,238 |
| 2008 | 235,000 | 396,460 | 631,460 |
| 2009-2013 | 1,355,000 | 1,799,044 | 3,154,044 |
| 2014-2018 | 1,770,000 | 1,370,029 | 3,140,029 |
| 2019-2023 | 2,270,000 | 859,898 | 3,129,898 |
| 2024-2027 | 2,260,000 | 232,750 | 2,492,750 |
| Total | <u>\$8,745,000</u> | <u>\$6,336,408</u> | <u>\$15,081,408</u> |

17. JOINTLY GOVERNED ORGANIZATIONS

Miami Valley Educational Computer Association (MVECA) - The School District is a participant in MVECA, which is a computer consortium. MVECA is an association of public school districts within the geographic area determined by the Ohio Department of Education. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of MVECA consists of two representatives from each of the participating members. The School District paid MVECA \$40,877 for services provided during the year. Financial information can be obtained from MVECA located at 330 Enon Road, Yellow Springs, Ohio 45387.

Southwestern Ohio Educational Purchasing Council -The Southwestern Ohio Educational Purchasing Council (SOEPC) is a purchasing cooperative made up of nearly 100 school districts in 12 counties. The purpose of the cooperative is to obtain prices for quality merchandise and services commonly used by schools. All member districts are obligated to pay all fees, charges, or other assessments as established by the SOEPC. Each member district has one voting representative. Title to any and all equipment, furniture and supplies purchased by the SOEPC is held in trust for the member districts. Any district withdrawing from the SOEPC shall forfeit its claim to any and all SOEPC assets. One year prior notice is necessary for withdrawal from the group. During this time, the withdrawing member is liable for all member obligations.

Payments to SOEPC are made from the general fund. During fiscal year 2003, the School District paid \$1,256 to SOEPC. To obtain financial information, write to the Southwestern Ohio Educational Purchasing Council, Ken Swink, who serves as Director, at 1831 Harshman Road, Dayton, Ohio 45424.

Greene County Career Center - The Greene County Career Center is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the seven participating school districts' elected Boards, which possesses its own budgeting and taxing authority. To obtain financial information, write to the Greene County Career Center, Steve Sutcliffe, who serves as Treasurer, at 2960 W. Enon Rd., Xenia, OH 45385. The Greeneview Local School District did not contribute any money to the Greene County Career Center during the 2003 fiscal year.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

18. INSURANCE PURCHASING POOL

Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program - The School District participates in the Southwestern Ohio Educational Purchasing Cooperative's Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by an 11 member Board of directors. The Executive Director of the GRP, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Southwestern Ohio Educational Purchasing Cooperative's Employee Benefit Plan Trust - The EPC Benefit Plan Trust is a group purchasing pool consisting of public school districts who are members of the Southwestern Ohio Educational Purchasing Cooperative (SOEPC). The purpose of the pool is for members to pool funds or resources to purchase insurance products to provide health benefits to participants at a lower rate than if the individual districts acted independently.

Each district pays a monthly premium to the Trust fund for insurance coverage which is provided by Anthem Blue Cross Blue Shield or United Healthcare. Districts may also contribute monthly to the Trust fund for dental benefits provided through a dental plan administered by CoreSource. The plan is governed by a Board of Trustees elected in accordance with the Trust Agreement and voted on by participating member districts. In fiscal year 2003, Greeneview Local School District contributed \$1,003,285 which represented 1.334% of total contributions to the Trust. Financial information can be obtained from Barbara Coriell, who serves as administrator, at EPC Benefits Office, 1831 Harshman Road, Dayton, OH 45424.

19. SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. The amount reserved for budget stabilization represents refunds received from the Bureau of Workers' Compensation. Based upon legislative changes, this is the only money still required to be set-aside for this purpose.

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

| | <u>Budget Stabilization</u> | <u>Textbooks/ Instructional Materials</u> | <u>Capital Improvements</u> |
|---|---------------------------------|---|---------------------------------|
| Set-aside Reserve Balance as of June 30, 2002 | \$76,238 | \$0 | \$0 |
| Current Year Set-aside Requirement | 0 | 197,341 | 197,341 |
| Carryover from Prior Year | 0 | (125,268) | (632,115) |
| Qualifying Disbursements | 0 | (759,397) | (1,816,814) |
| Current Year Offsets | 0 | 0 | 0 |
| Set-aside Reserve Balance as of June 30, 2003 | <u>\$76,238</u> | <u>(\$687,324)</u> | <u>(\$2,251,588)</u> |
| Set-aside Balance Carried Forward to Future Fiscal Years | <u>\$76,238</u> | <u>(\$687,324)</u> | <u>(\$2,251,588)</u> |

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

19. SET-ASIDE CALCULATIONS (Continued)

The School District had qualifying disbursements and offsets during the fiscal year that reduced the textbooks and instructional materials and capital acquisitions amounts below zero. This extra amount of offsets may be used to reduce the set-aside requirements in future fiscal years. The total reserve balance for the set-asides at the end of the fiscal year was \$76,238.

20. INTERFUND ASSETS/LIABILITIES AND TRANSFERS

The general fund had an interfund receivable at June 30, 2003 of \$39,404, while all other nonmajor funds had interfund payables of \$39,404.

General fund advances are made to move unrestricted balances to support programs and projects accounted for in other funds. Restricted monies are used to reimburse the general fund for advancing monies to other funds due to timing differences in the receiving of grant monies. When the monies are finally received, the grant fund reimburses the general fund for the initial advance.

The Eisenhower non-major fund had transfers out to the classroom size reduction nonmajor fund of \$4,221 during fiscal year 2003.

Transfers are used to move general fund revenues that are used to subsidize various programs in other funds and to create a balance to be used for future capital acquisition.

21. SIGNIFICANT CONTRACTUAL COMMITMENTS

As of June 30, 2003, the School District had contractual purchase commitments of \$53,405 with Stafco Construction for the construction of the new high school.

22. SUBSEQUENT EVENTS

A. Fiscal Caution Determination

At the request of the Greeneview Local School District Board of Education, the Ohio Department of Education performed a Financial Analysis of the School District's forecast of the general fund. The Ohio Department of Education (ODE) has placed the district in Fiscal Caution effective February 16, 2004. Fiscal Caution addresses the projected deficits for fiscal years ending June 30, 2004, and June 30, 2005. The District's five year forecast, prepared on 4/2/2004 (unaudited), for the General and DPIA Funds project a cash basis unreserved fund balance deficit of \$24,680 at June 30, 2004 and \$ 206,125 at June 30, 2005. The District has planned cuts in 24.5 positions in response to this projected deficit. The unencumbered cash balances at March 31, 2004 (unaudited) for the General fund and DPIA fund are \$561,911 and (\$3,195), respectively.

B. Pending Litigation

Subsequent to June 30, 2003, Reddy Electric Company filed suit against the School District in the amount of \$179,127 over the construction of the new high school. At the Board meeting on February 18, 2004, the Board approved to pay \$34,433 to Reddy Electric which will be a liability against the School District. The lawsuit is still pending though.

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2003
(Continued)**

23. CONTINGENCIES

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

24. STATE SCHOOL FUNDING DECISION

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..."

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

| Federal Grantor/ Pass Through Grantor Program Title | Pass Through Entity Number | Federal CFDA Number | Receipts | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|---|-------------------------------------|---------------------------|--------------------|----------------------|--------------------|---------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Nutrition Cluster: | | | | | | |
| Food Distribution Program | N/A | 10.550 | | \$29,639 | | \$29,639 |
| National School Lunch Program | LL-P4-2002 LL-P4-2003 | 10.555 | \$20,106 54,377 | | \$20,106 54,377 | |
| Total National School Lunch Program | | | 74,483 | | 74,483 | |
| Total U.S. Department of Agriculture - Nutrition Cluster | | | 74,483 | 29,639 | 74,483 | 29,639 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through Ohio Department of Education:</i> | | | | | | |
| Grants to Local Educational Agencies (ESEA Title 1) | C1-S1-2002 C1-S1-2003 | 84.010 | 12,623 94,726 | | 23,835 85,962 | |
| Total Grants to Local Educational Agencies (ESEA Title 1) | | | 107,349 | | 109,797 | |
| Special Education Grants to States (IDEA Part B) (IDEA Part B) | 6B-SF-2002-P 6B-SF-2003-P | 84.027 | 156,188 | | 3,891 139,739 | |
| Total Special Education Grants to States | | | 156,188 | | 143,630 | |
| GOALS 2000 | G2-S2-2001 G2-S2-2002 | 84.276 | | | 1,737 11,501 | |
| Total Goals 2000 | | | | | 13,238 | |
| Emergency School Repair | | 84.352 | 62,400 | | 24,364 | |
| Innovative Educational Program Strategies | C2-S1-2002 | 84.298 | 7,340 | | 4,708 | |
| Technology Literacy Challenge Fund | TJ-S1-2003 | 84.318 | 3,218 | | 22,473 | |
| Drug-Free Schools Grant | DR-S1-2003 | 84.186 | 6,243 | | 6,243 | |
| Improving Teacher Quality | TR-S1-2003 | 84.367 | 38,213 | | 43,517 | |
| Class Size Reduction Subsidy | CR-S1-2002 | 84.340 | (7,072) | | 19,517 | |
| Eisenhower Professional Development Grant | MS-S1-2001 MS-S1-2002 | 84.281 | (4,221) | | 14 4,221 | |
| Total Eisenhower Professional Development Grant | | | (4,221) | | 4,235 | |
| Assistive Technology Infusion Project | AT-S3-2002 | 84.352A | 1,900 | | 1,667 | |
| Total Department of Education | | | 371,558 | | 393,389 | |
| Total Federal Assistance | | | \$446,041 | \$29,639 | \$467,872 | \$29,639 |

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

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2003**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - CHILD NUTRITION CLUSTER

Program regulations do not require the District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.

NOTE C - MATCHING REQUIREMENTS

Certain federal programs require the District to contribute non-federal funds (matching funds) to support the federally funded programs. The District has complied with the matching requirements. The expenditure of non-federal matching funds is not included in the schedule.

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of Greeneview Local School District, Greene County, (the District), as of and for the year ended June 30, 2003, and have issued our report thereon dated February 20, 2004 wherein we noted the District implemented a new financial reporting model, as required by the provisions of Governmental Accounting Standards Board Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments*. We also noted that the District is experiencing certain financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance 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 February 20, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 management of the District in a separate letter dated February 20, 2004.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

Greeneview Local School District
Greene County
Independent Accountants' Report on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

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

Betty Montgomery
Auditor of State

February 20, 2004



Auditor of State Betty Montgomery

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

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

To the Board of Education:

Compliance

We have audited the compliance of Greeneview Local School District, Greene County, (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, 2003. 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, 2003.

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.

One First National Plaza / 130 W. Second St. / Suite 2040 / Dayton, OH 45402
Telephone: (937) 285-6677 (800) 443-9274 Fax: (937) 285-6688
www.auditor.state.oh.us

**Internal Control Over Compliance
(Continued)**

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

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



Betty Montgomery
Auditor of State

February 20, 2004

**GREENEVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
FOR THE YEAR ENDED JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|---------------------|---|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported material non-compliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under § .510? | No |
| (d)(1)(vii) | Major Programs (list): | Special Education Grants to states CFDA # 84.027 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: > \$ 300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.

**GREENVIEW LOCAL SCHOOL DISTRICT
GREENE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)
JUNE 30, 2003**

| <u>Finding Number</u> | <u>Finding Summary</u> | <u>Fully Corrected?</u> | Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i> |
|-----------------------|---|-------------------------|---|
| 2002-10329-001 | ORC 5705.41(B): Expenditures exceeding appropriations | No | Partially corrected. Reported to management of the District in a separate letter. |
| 2002-10329-002 | ORC 5705.14, 15, 16: Transfer of Fund | Yes | |



**Auditor of State
Betty Montgomery**

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

GREENEVIEW LOCAL SCHOOL DISTRICT

GREENE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MAY 11, 2004**