

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups As of June 30, 1999	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types For the Fiscal Year Ended June 30, 1999	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Budget Basis) - All Governmental Fund Types For the Fiscal Year Ended June 30, 1999	10
Statement of Revenues, Expenses and Changes in Fund Equity - All Proprietary Fund Types For the Fiscal Year Ended June 30, 1999	15
Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) - All Proprietary Fund Types For the Fiscal Year Ended June 30, 1999	16
Statement of Cash Flows - All Proprietary Fund Types For the Fiscal Year Ended June 30, 1999	19
Notes to the General Purpose Financial Statements	20
Schedule of Federal Awards Receipts and Expenditures	41
Notes to Schedule of Federal Awards Receipts and Expenditures	42
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	43
Report of Independent Accountants on Compliance with Requirements Applicable to the Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	45
Schedule of Findings - <i>OMB Circular A-133 § .505</i>	47



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

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

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

REPORT OF INDEPENDENT ACCOUNTANTS

Symmes Valley Local School District
Lawrence County
14778 State Route 141
Willow Wood, Ohio 45696

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 7, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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



JIM PETRO
Auditor of State

January 7, 2000

This Page Intentionally Left Blank

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,113,408	\$166,380	\$90,393	\$312,245
Receivables:				
Property Taxes	646,523	2,249	190,647	0
Accounts	0	0	0	0
Intergovernmental	5,148	0	0	0
Interfund	0	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	13,882	0	0	0
Prepaid Items	17,432	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	408,439	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$4,204,832</u>	<u>\$168,629</u>	<u>\$281,040</u>	<u>\$312,245</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$130,635	\$64,727	\$0	\$0	\$3,877,788
0	0	0	0	839,419
0	0	0	0	0
0	0	0	0	5,148
0	0	0	0	0
3,498	0	0	0	3,498
155	0	0	0	14,037
0	0	0	0	17,432
0	0	0	0	408,439
98,653	0	13,184,652	0	13,283,305
0	0	0	102,892	102,892
0	0	0	1,674,068	1,674,068
\$232,941	\$64,727	\$13,184,652	\$1,776,960	\$20,226,026

(Continued)

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities, Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$19,334	\$3,597	\$0	\$0
Accrued Wages and Benefits Payable	320,539	107,190	0	0
Compensated Absences Payable	3,981	0	0	0
Interfund Payable	0	0	0	0
Intergovernmental Payable	84,968	22,153	0	0
Deferred Revenue	602,072	1,139	178,211	0
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,030,894	134,079	178,211	0
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	92,872	32,426	0	940
Reserved for Inventory	13,882	0	0	0
Reserved for Capital Improvements	69,516	0	0	0
Reserved for Property Taxes	44,451	1,110	12,436	0
Reserved for Budget Stabilization	189,753	0	0	0
Reserved for Textbooks	82,241	0	0	0
Unreserved, Undesignated	2,681,223	1,014	90,393	311,305
Total Fund Equity and Other Credits	3,173,938	34,550	102,829	312,245
Total Liabilities, Fund Equity and Other Credits	\$4,204,832	\$168,629	\$281,040	\$312,245

The notes to the general purpose financial statements are an integral part of this statement

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$22,931
11,010	0	0	0	438,739
9,147	0	0	286,477	299,605
0	0	0	0	0
2,801	0	0	39,618	149,540
2,686	0	0	0	784,108
0	64,727	0	0	64,727
0	0	0	0	0
0	0	0	1,450,865	1,450,865
<u>25,644</u>	<u>64,727</u>	<u>0</u>	<u>1,776,960</u>	<u>3,210,515</u>
0	0	13,184,652	0	13,184,652
207,087	0	0	0	207,087
210	0	0	0	210
0	0	0	0	126,238
0	0	0	0	13,882
0	0	0	0	69,516
0	0	0	0	57,997
0	0	0	0	189,753
0	0	0	0	82,241
0	0	0	0	3,083,935
<u>207,297</u>	<u>0</u>	<u>13,184,652</u>	<u>0</u>	<u>17,015,511</u>
<u>\$232,941</u>	<u>\$64,727</u>	<u>\$13,184,652</u>	<u>\$1,776,960</u>	<u>\$20,226,026</u>

This Page Left Intentionally Blank

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendable Trust	
Revenues:						
Property Taxes	\$525,777	\$12,652	\$142,580	\$0	\$0	\$681,009
Intergovernmental	4,608,664	807,002	20,424	102,484	0	5,438,574
Interest	158,188	0	0	13,035	0	171,223
Tuition and Fees	857	0	0	0	0	857
Rent	0	0	0	0	0	0
Extracurricular Activities	2,930	52,656	0	0	0	55,586
Gifts and Donations	0	10,591	0	0	0	10,591
Miscellaneous	37,977	1,215	0	0	0	39,192
Total Revenues	5,234,993	884,116	163,004	115,519	0	6,397,032
Expenditures:						
Current:						
Instruction						
Regular	1,676,932	401,432	0	71,627	0	2,149,991
Special	275,381	307,469	0	0	0	582,850
Vocational	92,437	0	0	0	0	92,437
Other	0	0	0	0	0	0
Support Services						
Pupils	136,078	25,941	0	0	0	162,019
Instructional Staff	64,731	49,891	0	0	0	114,622
Board of Education	92,378	0	0	0	0	92,378
Administration	334,369	42,085	0	0	0	376,454
Fiscal	210,801	0	137	0	0	210,938
Operation and Maintenance of Plant	474,299	0	0	0	0	474,299
Pupil Transportation	583,208	0	0	0	0	583,208
Central	4,999	0	0	0	0	4,999
Extracurricular Activities	91,109	28,356	0	0	0	119,465
Capital Outlay	0	0	0	228,757	0	228,757
Debt Service						
Principal Retirement	0	0	90,000	0	0	90,000
Interest and Fiscal Charges	0	0	56,100	0	0	56,100
Total Expenditures	4,036,722	855,174	146,237	300,384	0	5,338,517
Excess of Revenues Over (Under) Expenditures	1,197,671	28,942	16,767	(184,865)	0	1,058,515
Other Financing Sources (Uses):						
Operating Transfers In	0	1,324	0	73,465	0	74,789
Proceeds from the Sale of Notes	0	0	0	0	0	0
Operating Transfers Out	(74,789)	0	0	0	0	(74,789)
Total Other Financing Sources (Uses)	(74,789)	1,324	0	73,465	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,122,882	30,266	16,767	(111,400)	0	1,058,515
Fund Balances at Beginning of Year	2,060,230	4,284	86,062	423,645	0	2,574,221
Decrease in Reserve for Inventory	(9,174)	0	0	0	0	(9,174)
Fund Balances at End of Year	\$3,173,938	\$34,550	\$102,829	\$312,245	\$0	\$3,623,562

The notes to the general purpose financial statements are an integral part of this statement

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$449,303	\$492,443	\$43,140
Intergovernmental	4,109,944	4,504,560	394,616
Interest	135,972	158,176	22,204
Tuition and Fees	1,043	1,144	101
Extracurricular Activities	2,673	2,930	257
Gifts and Donations	0	0	0
Miscellaneous	34,650	37,977	3,327
Total Revenues	4,733,585	5,197,230	463,645
Expenditures:			
Current:			
Instruction			
Regular	1,710,825	1,710,825	0
Special	270,425	270,425	0
Vocational	93,824	93,824	0
Support Services			
Pupils	135,263	135,263	0
Instructional Staff	66,960	66,960	0
Board of Education	96,123	96,123	0
Administration	327,397	328,004	(607)
Fiscal	212,111	212,111	0
Operation and Maintenance of Plant	483,625	483,623	2
Pupil Transportation	595,477	595,477	0
Central	5,000	5,000	0
Extracurricular Activities	90,912	90,912	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	4,087,942	4,088,547	(605)
Excess of Revenues Over (Under) Expenditures	645,643	1,108,683	463,040
Other Financing Sources (Uses):			
Operating Transfers In	0	0	0
Operating Transfers Out	(449,305)	(74,788)	374,517
Total Other Financing Sources (Uses)	(449,305)	(74,788)	374,517
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	196,338	1,033,895	837,557
Fund Balances at Beginning of Year	2,297,101	2,297,101	0
Prior Year Encumbrances Appropriated	86,062	86,062	0
Fund Balances at End of Year	\$2,579,501	\$3,417,058	\$837,557

(Continued)

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$11,542	\$11,542	\$0	\$133,257	\$133,257	\$0
807,002	807,002	0	20,424	20,424	0
0	0	0	0	0	0
0	0	0	0	0	0
52,656	52,656	0	0	0	0
10,591	10,591	0	0	0	0
1,215	1,215	0	0	0	0
<u>883,006</u>	<u>883,006</u>	<u>0</u>	<u>153,681</u>	<u>153,681</u>	<u>0</u>
385,581	385,581	0	0	0	0
328,454	328,454	0	0	0	0
0	0	0	0	0	0
25,842	25,842	0	0	0	0
51,138	51,138	0	0	0	0
0	0	0	0	0	0
43,339	43,339	0	0	0	0
0	0	0	137	137	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
62,127	32,452	29,675	0	0	0
0	0	0	0	0	0
0	0	0	90,000	90,000	0
0	0	0	56,100	56,100	0
<u>896,481</u>	<u>866,806</u>	<u>29,675</u>	<u>146,237</u>	<u>146,237</u>	<u>0</u>
<u>(13,475)</u>	<u>16,200</u>	<u>29,675</u>	<u>7,444</u>	<u>7,444</u>	<u>0</u>
1,324	1,324	0	0	0	0
0	0	0	0	0	0
<u>1,324</u>	<u>1,324</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(12,151)	17,524	29,675	7,444	7,444	0
86,827	86,827	0	82,948	82,948	0
28,611	28,611	0	0	0	0
<u>\$103,287</u>	<u>\$132,962</u>	<u>\$29,675</u>	<u>\$90,392</u>	<u>\$90,392</u>	<u>\$0</u>

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

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property Taxes	\$0	\$0	\$0
Intergovernmental	102,762	102,762	0
Interest	11,941	13,036	1,095
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	0	0	0
Total Revenues	114,703	115,798	1,095
Expenditures:			
Current:			
Instruction			
Regular	72,567	72,567	0
Special	0	0	0
Vocational	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	228,757	228,757	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	301,324	301,324	0
Excess of Revenues Over (Under) Expenditures	(186,621)	(185,526)	1,095
Other Financing Sources (Uses):			
Operating Transfers In	73,464	73,464	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	73,464	73,464	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(113,157)	(112,062)	1,095
Fund Balances at Beginning of Year	423,367	423,367	0
Prior Year Encumbrances Appropriated	0	0	0
Fund Balances at End of Year	\$310,210	\$311,305	\$1,095

(Continued)

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)
\$594,102	\$637,242	\$43,140
5,040,132	5,434,748	394,616
147,913	171,212	23,299
1,043	1,144	101
55,329	55,586	257
10,591	10,591	0
35,865	39,192	3,327
<u>5,884,975</u>	<u>6,349,715</u>	<u>464,740</u>
2,168,973	2,168,973	0
598,879	598,879	0
93,824	93,824	0
161,105	161,105	0
118,098	118,098	0
96,123	96,123	0
370,736	371,343	(607)
212,248	212,248	0
483,625	483,623	2
595,477	595,477	0
5,000	5,000	0
153,039	123,364	29,675
228,757	228,757	0
90,000	90,000	0
56,100	56,100	0
<u>5,431,984</u>	<u>5,402,914</u>	<u>29,070</u>
452,991	946,801	493,810
74,788	74,788	0
(449,305)	(74,788)	374,517
<u>(374,517)</u>	<u>0</u>	<u>374,517</u>
78,474	946,801	868,327
2,890,243	2,890,243	0
114,673	114,673	0
<u>\$3,083,390</u>	<u>\$3,951,717</u>	<u>\$868,327</u>

This Page Intentionally Left Blank

**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Type
	Enterprise
Operating Revenues:	
Sales	<u>\$57,711</u>
Total Operating Revenues	<u>57,711</u>
Operating Expenses:	
Salaries	84,228
Fringe Benefits	11,250
Purchased Services	802
Materials and Supplies	133,016
Cost of Sales	2,712
Depreciation	<u>10,708</u>
Total Operating Expenses	<u>242,716</u>
Operating Loss	<u>(185,005)</u>
Non-Operating Revenues:	
Federal Donated Commodities	138
Interest	3,228
Federal and State Subsidies	<u>216,396</u>
Total Non-Operating Revenues	<u>219,762</u>
Net Income	34,757
Retained Earnings at Beginning of Year	<u>(34,547)</u>
Retained Earnings at End of Year	210
Contributed Capital at Beginning and End of Year	<u>207,087</u>
Total Fund Equity at End of Year	<u>\$207,297</u>

The notes to the general purpose financial statements are an integral part of this statement

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

	<u>Enterprise Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>			
Sales	\$57,711	\$57,711	\$0
Interest	0	3,228	3,228
Federal and State Subsidies	216,396	216,396	0
Total Revenues	274,107	277,335	3,228
<u>Expenses</u>			
Salaries	74,799	74,799	0
Fringe Benefits	19,611	19,611	0
Purchased Services	802	802	0
Materials and Supplies	136,652	136,652	0
Capital Outlay	25,880	25,880	0
Total Operating Expenses	257,744	257,744	0
 Excess of Revenues Over Expenses	 16,363	 19,591	 3,228
Fund Equity at Beginning of Year	92,200	92,200	0
Prior Year Encumbrances Appropriated	318	318	0
Fund Equity at End of Year	\$108,881	\$112,109	\$3,228

The notes to the general purpose financial statements are an integral part of this statement

Internal Service Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$57,711	\$57,711	\$0
0	0	0	216,396	216,396	0
0	0	0	274,107	277,335	3,228
0	0	0	74,799	74,799	0
0	0	0	19,611	19,611	0
0	0	0	802	802	0
0	0	0	136,652	136,652	0
0	0	0	25,880	25,880	0
0	0	0	257,744	257,744	0
0	0	0	16,363	19,591	3,228
0	0	0	92,200	92,200	0
0	0	0	318	318	0
\$0	\$0	\$0	\$108,881	\$112,109	\$3,228

This Page Intentionally Left Blank

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

	Proprietary Fund Type
	Enterprise
Increase (Decrease) in Cash and Cash Equivalents:	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$57,711
Cash Payments to Suppliers for Goods and Services	(136,839)
Cash Payments for Employee Services and Benefits	<u>(94,410)</u>
Net Cash Used for Operating Activities	<u>(173,538)</u>
Cash Flows from Noncapital Financing Activities:	
Operating Grants Received	<u>216,396</u>
Cash Flows from Capital and Related Financing Activities:	
Payments for Capital Acquisitions	<u>(7,970)</u>
Cash Flows from Investing Activities:	
Interest on Investments	<u>3,228</u>
Net Increase in Cash and Cash Equivalents	38,116
Cash and Cash Equivalents at Beginning of Year	<u>92,519</u>
Cash and Cash Equivalents at End of Year	<u>\$130,635</u>
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Income	<u>(\$185,005)</u>
Donated Commodities	138
Depreciation Expense	10,708
Changes in Assets and Liabilities:	
Decrease in Prepaid Items	1,337
Increase in Inventory Held for Resale	(252)
Decrease in Materials and Supplies Inventory	26
Decrease in Accounts Payable	(222)
Increase in Compensated Absences	292
Decrease in Accrued Salaries	(324)
Decrease in Intergovernmental Payable	<u>(236)</u>
Total Adjustments	<u>11,467</u>
Net Cash Used for Operating Activities	<u>(\$173,538)</u>

The notes to the general purpose financial statements are an integral part of this statement

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Symmes Valley Local School District is a body politic and corporate established 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 Board of Education (five members) and is responsible for the education of the residents of the School District. The Board controls the School District's two instructional support facilities staffed by 35 non-certificated and 63 teaching personnel and 10 administrative employees providing education to approximately 1,007 students.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards, and agencies that are not legally separate from the School District. For Symmes Valley 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 two organizations which are defined as jointly governed organizations. These organizations include the South Central Ohio Computer Association (SCOCA) and the Lawrence County Joint Vocational School. These organizations are presented in Note 14 to the combined financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

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

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

Governmental Fund Types:

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

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

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

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

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

Proprietary Fund Type:

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

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Basis Of Presentation - Fund Accounting (Continued)

Fiduciary Fund Type:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include agency funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

All enterprise funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Enterprise funds' operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, student fees and grants and entitlements.

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

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

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

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

Advances in and Advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year. The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 1999.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, including the Debt Service Fund, consistent with statutory provisions.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds except the permanent improvement fund and lunchroom fund, 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" on the combined balance sheet.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$158,188, which includes \$14,901 assigned from other school district funds. Interest revenue credited to the permanent improvement fund and the lunchroom fund was \$13,035 and \$3,228, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with a maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. As of June 30, 1999 the School District had no investments.

E. Inventory

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999 are recorded as prepaid items using the consumption method by recording a current asset for the prepaid amount and reflecting the expenditure in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

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

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- Bus Purchase Allowance
- Equity Funds

Special Revenue Funds

- Disadvantaged Pupil Impact Aid
- Title I
- EMIS
- Title VI-B
- Professional Development
- Title VI
- Goals 2000

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues (Continued)

Nonreimbursable Grants

Capital Projects Funds

Technology Equity
School Net Plus
School Net
Emergency Repair

Reimbursable Grants

General Fund

Drivers Education

Proprietary Funds

National School Breakfast
National School Lunch
Government Donated Commodities

Grants and entitlements amounted to approximately 85.02% of the Governmental Fund Revenue during the 1999 fiscal year.

I. 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 employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability 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.

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after fifteen years of service. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligation account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, pension obligations, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Accrued Liabilities and Long-Term Obligations (Continued)

Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due. Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds.

Under Ohio law, a debt service retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the debt liability among the capital projects and enterprise funds, and the general long-term obligations account group, with principal and interest payments on matured general obligation long-term debt being reported in the debt service fund. To comply with GAAP reporting requirements, the School District's debt service retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

K. Interfund Transactions

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed.

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

L. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for property taxes, budget stabilization, encumbrances and inventories of supplies and materials, textbook purchases, capital acquisition, school bus purchases, unclaimed monies and endowments.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Total Columns on General Purpose Financial Statements

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

O. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

P. Estimates

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

NOTE 3 - ACCOUNTABILITY

Deficit Fund Balance/Retained Earnings:

The following funds had deficit fund balances/retained earnings at June 30, 1999:

Special Revenue:

DPIA	51,647
Title VI-B	5,909

The deficits in the special revenue funds and enterprise fund were created by the application of generally accepted accounting principles. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4-BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	1,122,884	30,267	16,768	(111,400)
Net Adj. For Revenue Accruals	(37,163)	(1,110)	(9,323)	278
Net Adj. For Expenditure Accruals	34,236	16,979	-0-	(940)
Encumbrances	(86,062)	(28,611)	-0-	-0-
Budget Basis	<u>1,033,895</u>	<u>17,525</u>	<u>7,445</u>	<u>(112,062)</u>

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 4-BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over Expenses
Proprietary Fund Type

	<u>Enterprise</u>	
GAAP Basis		\$ 25,900
Net Adjustment for Revenue Accrual		(138)
Net Adjustment for Expenses Accrual		(5,853)
Encumbrances		<u>(318)</u>
Budget Basis		<u>\$ 19,591</u>

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

Investments in stripped principal or interest 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.

Deposits: at year end, the carrying amount of the School District's deposits was \$4,286,227 and the bank balance was \$4,384,472. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$4,284,472 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District held to a successful claim by the FDIC.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 100 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999 was \$44,451 in the General Fund, \$12,436 in the Bond Retirement Fund and \$1,110 in the Classroom Facilities Capital Projects Fund.

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

	<u>1997 Second-</u>		<u>1998 First-</u>	
	<u>Half Collections</u>		<u>Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$ 18,551,170	77.08%	\$ 25,096,700	81.84%
Public Utility Personal	5,347,740	22.22	5,357,580	17.47
Tangible Personal Property	<u>168,960</u>	<u>.70</u>	<u>211,840</u>	<u>.69</u>
Total Assessed Value	<u>\$ 24,067,820</u>	<u>100.00%</u>	<u>\$ 30,666,120</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	28.60		28.60	

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 7 - RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (rent and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amounts</u>
General Fund:	
Drivers Education Subsidy	\$ 4,550
Vocational Equipment Reimbursement	698

Total	\$ 5,148
	=====

NOTE 8 - FIXED ASSETS

A summary of enterprise funds fixed assets at June 30, 1999 follows:

Machinery and Equipment	\$210,150
Less accumulated depreciation	(111,497)
Net Fixed Assets	\$ 98,653
	=====

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

<u>Asset Category</u>	<u>Balance</u> <u>June 30,</u> <u>1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u> <u>1999</u>
Land & Improvement	500,678			500,678
Buildings & Improve.	8,968,484			8,968,484
Furn. & Equipment	2,156,948	75,150		2,232,098
Vehicles	1,001,388	112,964	73,320	1,041,032
Textbooks	432,406			432,406
Infrastructure	9,954			9,954
Totals	13,069,858	188,114	73,320	13,184,652

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible per occurrence.

Professional and general liability is protected by the Nationwide Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance Company and holds no deductible for comprehensive and a \$100 deductible for collision. Automobile liability coverage is as follows: a) Bodily Injury each person \$100,000, b) Bodily Injury each accident \$300,000 and c) Property Damage each accident \$100,000.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 9 - RISK MANAGEMENT (Continued)

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

The School District provides life insurance and accidental death and dismemberment insurance to classified employees in the amount of \$20,000 and to teachers and administrators in the amount of \$30,000.

Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$534.42 for family coverage, \$346.94 for two party plan and \$185.83 for single coverage. The School District pays 90% of premiums while the employee contributes 10%.

NOTE 10 - 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 State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. For 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for pension obligations to SERS for the fiscal year ended June 30, 1999, 1998 and 1997 were \$96,912, \$91,032, and \$88,314, respectively; 46.68 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$59,023 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$329,676, \$318,000, and \$300,900 respectively; 83.33 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$56,692 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTE 11 - POST-EMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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 System based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, and increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$188,386 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$57,164.

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. All eleven and twelve month employees earn vacation time. All full time employees earn sick leave at a rate of one and one-fourth days per month. Employees may accumulate an unlimited amount of sick days. Upon retirement and after being employed in the district for ten years, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of 45 days for classified employees and 55 days for certified employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to employees through Community National Assurance Company. The coverage amount is \$30,000 for certified employees and \$20,000 for classified employees.

C. Health Insurance

The School District provides health insurance to employees through Medical Mutual of Ohio. The Board of Education pays 90% of the monthly premium while the employees contribute 10%. Effective January 1999, the monthly premiums were: Family plan \$534.42, Two party plan \$346.94, Single plan \$185.83.

NOTE 13 - LONG TERM OBLIGATIONS

Long-term obligations of the School District as of June 30, 1999 were as follows:

	Principal Outstanding June 30, 1998	Additions	Deductions	Principal Outstanding June 30, 1999
Compensated Absences	274,810	14,321	2,654	286,477
Refunding Bonds	1,540,865		90,000	1,450,865
Pension Obligation	35,115	39,618	35,115	39,618
Total Long- Term Debt	1,850,790	53,939	127,769	1,776,960

The District will pay compensated absences out of the fund from which employees salaries are paid.

On July 1, 1990 the Symmes Valley Local School District issued \$1,530,000 in school improvement bonds for the purpose of constructing an elementary school building. The bonds were issued for a twenty-three year period with final maturity on October 1, 2013. On January 26, 1998 the School District issued refunding bonds with maturity on September 16, 2013.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 13 - LONG TERM OBLIGATIONS(Continued)

Principal and interest requirements to retire the refunding bond debt outstanding at June 30, 1999 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2000	85,000	51,388	136,288
2001	85,000	46,612	131,612
2002	90,000	41,800	131,800
2003	95,000	36,713	131,713
2004	105,000	31,213	136,213
2005-2009	605,496	124,041	729,537
2010-2014	385,369	429,631	815,000
Total	1,450,865	761,398	2,212,263

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association

The South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Lawrence County Joint Vocational School

The Lawrence County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake-Union Exempted Village School District, two from the Ironton City School District and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

NOTE 15 - STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$4,218,534 of school foundation support for its general fund.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 15 - STATE SCHOOL FUNDING DECISION(Continued)

In addition the Court declared the classroom facilities program unconstitutional, because in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999 the School District has received a total of \$ 8,799,031 under this program.

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

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

NOTE 16-YEAR 2000

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal 1999.

The Symmes Valley Local School District is completing an inventory of computer and other equipment necessary to conduct District operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting. The District has two school buildings with power, heating and air conditioning systems which have extensive efficiency utilization measures within the systems.

The School District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and payroll and employee benefits. The State is responsible for remediating this system.

The State of Ohio distributes a substantial sum of money to the School District in the form of "Foundation" payments. Further, the State processes a significant amount of financial and non-financial information about the School District through EMIS. The State is responsible for remediating these systems.

The School District currently is assessing the changes needed in the power, heating and air conditioning systems. Systems may have to be remediated, and tested and validated.

In the continuing effort to assess all computer equipment, other areas may be found (clock systems, fire alarm systems, vocational equipment, etc.) and, if so, changes will be made in those systems. We anticipate that all costs will be handled through departmental or building appropriations.

Because of the unprecedented nature of the Year 2000 issue, its effects and the successes of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the School District will be Year 2000 ready, that the School District's remediation efforts will be successful in whole or in part, or that parties with whom the School District does business will be year 2000 ready.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 17 - CONTINGENCIES

A. Grants:

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

B. Litigation:

As of June 30, 1999, the School District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

NOTE 18 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance June 30, 1998			42,941	42,941
Current Year Set-aside Requirement	113,852	113,852	146,812	374,516
Qualifying Disbursements	31,610	44,336		75,946
Set-aside Cash Balance June 30, 1999	82,242	69,516	189,753	341,511
Amount Restricted for bus purchases				66,722
Total Restricted Assets				408,233

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

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Non-Cash Receipts</u>	<u>Disbursements</u>	<u>Non-Cash Disbursements</u>
<u>U.S. Department of Agriculture</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$17,684	\$0	\$18,185
National School Breakfast Program	05-PU 98/99	10.553	63,618	0	63,618	0
National School Lunch Program	03-PU 97/98	10.555	21,787	0	21,787	0
	04-PU 97/98		115,358	0	115,358	0
Total National School Lunch Program			137,145	0	137,145	0
Total U.S. Department of Education - Nutrition Cluster			200,763	200,763	200,763	200,763
<u>U.S. Department of Labor</u>						
<i>Passed through Ohio Department of Education:</i>						
School to Work Program	WK-BE 98/99	17.249	5,000	0	12	0
Total U.S. Department of Labor			5,000	0	12	0
<u>U.S. Department of Education</u>						
<i>Passed through Ohio Department of Education:</i>						
Educationally Deprived Children- Local Educational Agencies Title I	C1-S1 98/99	84.010	293,083	0	282,882	0
Handicapped- State Grants (Part B, Education of the Handicapped Act)	6B-SF 98/99	84.027	68,885	0	64,864	0
Goals 2000 Grant	G2S 98/99	84.276	0	0	12,574	0
Innovative Education Program Strategy Title VI	C2-S1 97-99	84.298	3,739	0	5,986	0
Total U.S. Department of Education			365,707	0	366,306	0
Total Federal Award Receipts and Expenditures			\$571,470	\$200,763	\$567,081	\$200,763

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

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the School District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 740-594-3300
800-441-1389

Facsimile 740-594-2110

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

Symmest Valley Local School District
Lawrence County
14778 State Route 141
Willow Wood, Ohio 45696

To The Board of Education:

We have audited the general purpose financial statements of Symmest Valley Local School District, Lawrence County, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 7, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Symmest Valley Local School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to the management of the School District in a separate letter dated January 7, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Symmest Valley Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated January 7, 2000.

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

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

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a circular stamp or seal that is partially obscured by the signature.

JIM PETRO
Auditor of State

January 7, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Telephone 740-594-3300

800-441-1389

Facsimile 740-594-2110

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

Symmes Valley Local School District
Lawrence County
14778 State Route 141
Willow Wood, Ohio 45696

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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



JIM PETRO
Auditor of State

January 7, 2000

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133, SECTION .505
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

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 financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	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 Section .510?	No
(d)(1)(vii)	Major Programs (list):	Local Educational Agencies- Title I - CFDA# 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

The audit of Symmes Valley Local School District, Lawrence County, for the year ended June 30, 1999, contained no findings, related to the financial statements, required to be reported in accordance with GAGAS.

3. FINDINGS FOR FEDERAL AWARDS

The audit of Symmes Valley Local School District, Lawrence County, for the year ended June 30, 1999, contained no findings or questioned costs for federal awards.



STATE OF OHIO
OFFICE OF THE AUDITOR
JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall, Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE 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.

By: *Susan Babbitt*
Clerk of the Bureau

Date: FEB 17 2000