



**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
General Purpose Financial Statements:	
Combined Balance Sheet - All Fund Types and Account Groups	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types	9
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types	10
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types	12
Combined Statement of Revenues, Expenses, and Changes in Fund Equity - Budget and Actual (Budget Basis) - All Proprietary Fund Types	13
Combined Statement of Cash Flows - All Proprietary Fund Types	14
Notes to the General Purpose Financial Statements	15
Schedule of Federal Awards Receipts and Expenditures	35
Notes to the Schedule of Federal Awards Receipts and Expenditures	36
Report of Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i>	37
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	39
Schedule of Findings - <i>OMB Circular A-133 § .505(b)</i>	41
Corrective Action Plan - <i>OMB Circular A-133 § .315(c)</i>	43

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REPORT OF INDEPENDENT ACCOUNTANTS

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

We have audited the accompanying general purpose financial statements of Scioto Valley Local School District, Pike County, Ohio (the School District), as of and for the year ended June 30, 2000, 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 Scioto Valley Local School District, Pike County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 11, 2001, 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

January 11, 2001

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$4,781,920	\$351,380	\$445,963	\$7,807,393
Cash and Cash Equivalents with Fiscal Agents	0	0	20,000	0
Receivables:				
Taxes	4,726,686	110,552	839,814	0
Intergovernmental	900	87,736	0	0
Accrued Interest	257	0	0	0
Prepaid Items	18,988	0	0	3,281
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	27,942	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	145,684	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$9,702,377	\$549,668	\$1,305,777	\$7,810,674

Proprietary Fund Types		Fiduciary Fund type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$47,127	\$25,298	\$15,350	\$0	\$0	\$13,474,431
0	0	0	0	0	20,000
0	0	0	0	0	5,677,052
0	0	0	0	0	88,636
0	0	0	0	0	257
0	0	0	0	0	22,269
7,791	0	0	0	0	7,791
287	0	0	0	0	28,229
0	0	0	0	0	145,684
19,309	0	0	4,593,155	0	4,612,464
0	0	0	0	644,022	644,022
0	0	0	0	3,176,059	3,176,059
\$74,514	\$25,298	\$15,350	\$4,593,155	\$3,820,081	\$27,896,894

(continued)

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Liabilities,				
Fund Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$17,991	\$69	\$0	\$0
Accrued Wages and Benefits	612,987	140,209	0	0
Compensated Absences Payable	16,895	870	0	0
Intergovernmental Payable	139,076	22,984	0	0
Deferred Revenue	3,613,048	84,460	641,755	0
Undistributed Monies	0	0	0	0
Matured Bonds Payable	0	0	20,000	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	4,399,997	248,592	661,755	0
Fund Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Budget Stabilization	145,684	0	0	0
Reserved for Encumbrances	248,635	8,015	0	12,098,815
Reserved for Inventory	27,942	0	0	0
Reserved for Property Taxes	100,254	2,415	18,112	0
Unreserved:				
Undesignated	4,779,865	290,646	625,910	(4,288,141)
Total Fund Equity and Other Credits	5,302,380	301,076	644,022	7,810,674
Total Liabilities, Fund Equity and Other Credits	\$9,702,377	\$549,668	\$1,305,777	\$7,810,674

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund type	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$50	\$0	\$0	\$0	\$0	\$18,110
31,399	0	0	0	0	784,595
10,322	0	0	0	412,639	440,726
13,808	0	0	0	67,442	243,310
5,369	0	0	0	0	4,344,632
0	0	15,350	0	0	15,350
0	0	0	0	0	20,000
0	231,199	0	0	0	231,199
0	0	0	0	3,340,000	3,340,000
-----	-----	-----	-----	-----	-----
60,948	231,199	15,350	0	3,820,081	9,437,922
-----	-----	-----	-----	-----	-----
0	0	0	4,593,155	0	4,593,155
13,566	(205,901)	0	0	0	(192,335)
0	0	0	0	0	145,684
0	0	0	0	0	12,355,465
0	0	0	0	0	27,942
0	0	0	0	0	120,781
0	0	0	0	0	1,408,280
-----	-----	-----	-----	-----	-----
13,566	(205,901)	0	4,593,155	0	18,458,972
-----	-----	-----	-----	-----	-----
\$74,514	\$25,298	\$15,350	\$4,593,155	\$3,820,081	\$27,896,894
=====	=====	=====	=====	=====	=====

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES ON FUND BALANCES
ALL GOVERNMENT FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30,2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Taxes	\$3,492,634	\$26,092	\$765,723	\$0	\$4,284,449
Intergovernmental	6,045,523	1,387,807	23,369	3,162,320	10,619,019
Interest	183,112	332	0	242,928	426,372
Tuition and Fees	13,625	0	0	0	13,625
Rent	14,387	0	0	0	14,387
Extracurricular Activities	0	61,174	0	0	61,174
Gifts and Donations	0	4,200	0	0	4,200
Customer Services	97,800	0	0	0	97,800
Miscellaneous	32,701	7,932	0	0	40,633
Total Revenues	9,879,782	1,487,537	789,092	3,405,248	15,561,659
Expenditures:					
Current:					
Instruction:					
Regular	3,359,735	482,102	0	0	3,841,837
Special	566,601	554,290	0	0	1,120,891
Other	40,693	0	0	0	40,693
Support Services:					
Pupils	298,444	13,551	0	0	311,995
Instructional Staff	230,866	180,284	0	0	411,150
Board of Education	9,153	0	0	0	9,153
Administration	883,124	6,036	0	0	889,160
Fiscal	276,396	5,649	20,050	0	302,095
Operation and Maintenance of Plant	806,962	12,819	0	0	819,781
Pupil Transportation	723,425	0	0	0	723,425
Central	49,863	10,874	0	40,226	100,963
Intergovernmental	0	61,434	0	0	61,434
Extracurricular Activities	149,017	45,915	0	0	194,932
Capital Outlay	3,700	3,280	0	1,025,224	1,032,204
Debt Service:					
Principal Retirement	0	0	37,000	0	37,000
Interest and Fiscal Charges	0	0	179,073	0	179,073
Total Expenditures	7,397,979	1,376,234	236,123	1,065,450	10,075,786
Excess of Revenues Over (Under) Expenditures	2,481,803	111,303	552,969	2,339,798	5,485,873
Other Financing Sources (Uses):					
Operating Transfers In	0	0	0	182,053	182,053
Operating Transfers Out	(217,053)	0	0	0	(217,053)
Total Other Financing Sources (Uses)	(217,053)	0	0	182,053	(35,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,264,750	111,303	552,969	2,521,851	5,450,873
Fund Balances at Beginning of Year as Restated in Note 18	3,035,536	189,773	91,053	5,288,823	8,605,185
Increase in Reserve for Inventory	2,094	0	0	0	2,094
Fund Balances at End of Year	\$5,302,380	\$301,076	\$644,022	\$7,810,674	\$14,058,152

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**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, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$3,254,894	\$3,254,894	\$0	\$76,049	\$76,049	\$0
Intergovernmental	6,078,123	6,078,123	0	1,287,310	1,306,060	18,750
Interest	183,107	183,107	0	291	332	41
Tuition and Fees	13,625	13,625	0	0	0	0
Rent	14,387	14,387	0	0	0	0
Extracurricular Activities	0	0	0	61,174	61,174	0
Gifts and Donations	0	0	0	4,200	4,200	0
Customer Service	97,800	97,800	0	0	0	0
Miscellaneous	0	0	0	7,621	7,621	0
Total Revenues	9,641,936	9,641,936	0	1,436,645	1,455,436	18,791
Expenditures:						
Current:						
Instruction:						
Regular	3,331,147	3,331,147	0	464,035	464,035	0
Special	571,762	571,762	0	553,848	553,848	0
Other	37,693	37,693	0	0	0	0
Support Services:						
Pupils	306,426	306,426	0	14,293	14,293	0
Instructional Staff	219,442	219,442	0	181,421	181,421	0
Board of Education	9,153	9,153	0	0	0	0
Administration	908,702	908,702	0	5,726	5,726	0
Fiscal	278,619	278,619	0	5,701	5,701	0
Operation and Maintenance of Plant	816,141	816,141	0	12,818	12,818	0
Pupil Transportation	908,180	908,180	0	2,200	2,200	0
Central	59,955	59,955	0	12,797	12,797	0
Extracurricular Activities	150,108	150,108	0	49,225	49,225	0
Capital Outlay	5,200	5,200	0	3,280	3,280	0
Intergovernmental	0	0	0	61,434	61,434	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	7,602,528	7,602,528	0	1,366,778	1,366,778	0
Excess of Revenues Over (Under) Expenditures	2,039,408	2,039,408	0	69,867	88,658	18,791
Other Financing Sources (Uses):						
Refund of Prior Year Expenditures	32,701	32,701	0	0	0	0
Operating Transfers In	0	0	0	0	0	0
Operating Transfers Out	(220,053)	(220,053)	0	0	0	0
Total Other Financing Sources (Uses)	(187,352)	(187,352)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,852,056	1,852,056	0	69,867	88,658	18,791
Fund Balances at Beginning of Year	2,630,331	2,630,331	0	224,843	224,843	0
Prior Year Encumbrances Appropriated	193,344	193,344	0	29,797	29,797	0
Fund Balances at End of Year	\$4,675,731	\$4,675,731	\$0	\$324,507	\$343,298	\$18,791

See accompanying notes to the general purpose financial statements.

Debt Service Fund			Capital Projects Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$577,972	\$577,972	\$0	\$0	\$0	\$0	\$3,908,915	\$3,908,915	\$0
23,369	23,369	0	3,162,320	3,162,320	0	10,551,122	10,569,872	18,750
0	0	0	243,056	242,928	(128)	426,454	426,367	(87)
0	0	0	0	0	0	13,625	13,625	0
0	0	0	0	0	0	14,387	14,387	0
0	0	0	0	0	0	61,174	61,174	0
0	0	0	0	0	0	4,200	4,200	0
0	0	0	0	0	0	97,800	97,800	0
0	0	0	0	0	0	7,621	7,621	0
601,341	601,341	0	3,405,376	3,405,248	(128)	15,085,298	15,103,961	18,663
0	0	0	0	0	0	3,795,182	3,795,182	0
0	0	0	0	0	0	1,125,610	1,125,610	0
0	0	0	0	0	0	37,693	37,693	0
0	0	0	0	0	0	320,719	320,719	0
0	0	0	0	0	0	400,863	400,863	0
0	0	0	0	0	0	9,153	9,153	0
0	0	0	0	0	0	914,428	914,428	0
20,050	20,050	0	0	0	0	304,370	304,370	0
0	0	0	0	0	0	828,959	828,959	0
0	0	0	0	0	0	910,380	910,380	0
0	0	0	40,226	40,226	0	112,978	112,978	0
0	0	0	0	0	0	199,333	199,333	0
0	0	0	13,127,320	13,127,320	0	13,135,800	13,135,800	0
0	0	0	0	0	0	61,434	61,434	0
37,000	37,000	0	0	0	0	37,000	37,000	0
179,073	179,073	0	0	0	0	179,073	179,073	0
236,123	236,123	0	13,167,546	13,167,546	0	22,372,975	22,372,975	0
365,218	365,218	0	(9,762,170)	(9,762,298)	(128)	(7,287,677)	(7,269,014)	18,663
0	0	0	0	0	0	32,701	32,701	0
0	0	0	182,053	182,053	0	182,053	182,053	0
0	0	0	0	0	0	(220,053)	(220,053)	0
0	0	0	182,053	182,053	0	(5,299)	(5,299)	0
365,218	365,218	0	(9,580,117)	(9,580,245)	(128)	(7,292,976)	(7,274,313)	18,663
80,745	80,745	0	5,288,234	5,288,234	0	8,224,153	8,224,153	0
0	0	0	589	589	0	223,730	223,730	0
\$445,963	\$445,963	\$0	(\$4,291,294)	(\$4,291,422)	(\$128)	\$1,154,907	\$1,173,570	\$18,663

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30,2000**

	<u>Proprietary Fund Types</u>		Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	
Operating Revenues:			
Sales	\$132,424	\$0	\$132,424
Charges for Services	0	853,236	853,236
	-----	-----	-----
Total Operating Revenues	132,424	853,236	985,660
	-----	-----	-----
Operating Expenses:			
Salaries	170,238	0	170,238
Fringe Benefits	81,095	334	81,429
Purchased Services	6,934	195,647	202,581
Materials and Supplies	6,707	0	6,707
Cost of Sales	224,048	0	224,048
Depreciation	1,712	0	1,712
Claims	0	821,969	821,969
Other Operating Expenses	5,912	0	5,912
	-----	-----	-----
Total Operating Expenses	496,646	1,017,950	1,514,596
	-----	-----	-----
Operating Income (Loss)	(364,222)	(164,714)	(528,936)
	-----	-----	-----
Non-Operating Revenues (Expenses):			
Federal Donated Commodities	25,337	0	25,337
Interest	410	0	410
Federal and State Subsidies	309,179	0	309,179
	-----	-----	-----
Total Non-Operating Revenues (Expenses)	334,926	0	334,926
	-----	-----	-----
Income (Loss) Before Transfers	(29,296)	(164,714)	(194,010)
	-----	-----	-----
Other Financing Sources (Uses):			
Operating Transfers - In	0	35,000	35,000
	-----	-----	-----
Net Income (Loss)	(29,296)	(129,714)	(159,010)
	-----	-----	-----
Retained Earnings at Beginning of Year	42,862	(76,187)	(33,325)
	-----	-----	-----
Retained Earnings (Deficit) at End of Year	\$13,566	(\$205,901)	(\$192,335)
	=====	=====	=====

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Fund			Internal Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Operating Revenues:						
Sales	\$132,424	\$132,424	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	785,749	853,236	67,487
Refund of Prior Year Expense	0	0	0	0	0	0
Operating Grants	0	0	0	0	0	0
Total Operating Revenues	132,424	132,424	0	785,749	853,236	67,487
Operating Expenses:						
Salaries	165,002	165,002	0	0	0	0
Fringe Benefits	71,207	71,207	0	782,673	782,673	0
Purchased Services	7,395	7,395	0	195,647	195,647	0
Materials and Supplies	209,210	209,210	0	0	0	0
Other	7,311	7,311	0	0	0	0
Total Operating Expenses	460,125	460,125	0	978,320	978,320	0
Operating Income (Loss):	(327,701)	(327,701)	0	(192,571)	(125,084)	67,487
Non-Operating Revenues and Expenses:						
Interest	332	410	78	0	0	0
Federal and State Subsidies	347,989	347,989	0	0	0	0
Total Non-Operating Revenues and Expenses	348,321	348,399	78	0	0	0
Excess of Revenues over (under) Expenditures	20,620	20,698	78	(192,571)	(125,084)	67,487
Other Financing Sources (Uses):						
Operating Transfers - In	0	0	0	35,000	35,000	0
Excess of Revenues and Other over (under) Expenditures and Other	20,620	20,698	78	(157,571)	(90,084)	67,487
Fund Equity at Beginning of Year	19,647	19,647	0	115,382	115,382	0
Prior Year Encumbrances Appropriated	875	875	0	0	0	0
Fund Equity at End of Year	\$41,142	\$41,220	\$78	(\$42,189)	\$25,298	\$67,487

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise	Internal Service	Totals (Memorandum Only)
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$132,424	\$853,236	\$985,660
Cash Payments to Suppliers for Goods and Services	(218,009)	(195,647)	(413,656)
Cash Payments to Employees for Services	(165,002)	0	(165,002)
Cash Payments for Employee Benefits	(71,207)	(782,673)	(853,880)
Net Cash Used for Operating Activities	(321,794)	(125,084)	(446,878)
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	347,989	0	347,989
Operating Transfers - In	0	35,000	35,000
Net Cash Provided by Noncapital Financing Activities	347,989	35,000	382,989
Cash Flows from Capital and Related Financing Activities:			
Interest on Investments	410	0	410
Net Cash Used for Capital and Related Financing Activities	410	0	410
Net Decrease in Cash and Cash Equivalents	26,605	(90,084)	(63,479)
Cash and Cash Equivalents at Beginning of Year	20,522	115,382	135,904
Cash and Cash Equivalents at End of Year	\$47,127	\$25,298	\$72,425
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Income (Loss)	(\$364,222)	(\$164,714)	(\$528,936)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	1,712	0	1,712
Donated Commodities Used During Year	25,337	0	25,337
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	5,024	0	5,024
Decrease in Materials and Supplies Inventory	(17)	0	(17)
Increase in Accounts Payable	(52)	0	(52)
Decrease in Accrued Wages and Benefits	5,999	0	5,999
Increase in Compensated Absences Payable	(763)	0	(763)
Decrease in Intergovernmental Payable	9,887	0	9,887
Increase in Deferred Revenue	(4,699)	0	(4,699)
Increase in Claims Payable	0	39,630	39,630
Total Adjustments	42,428	39,630	82,058
Net Cash Used for Operating Activities	(\$321,794)	(\$125,084)	(\$446,878)

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Scioto Valley Local School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state or federal agencies. This Board controls the School District's four instructional/support facilities staffed by 70 non-certificated employees and 97 certificated full-time teaching personnel who provide services to 1,635 students and other community members.

Scioto Valley Local School District was established in January, 1960 through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 132.54 square miles. It is located in Pike County, including all of the Village of Piketon, Ohio, and portions of Camp Creek, Scioto, Seal, Sunfish, Pee Pee and Newton Townships. The School District is the 347th largest in the State of Ohio (among 612 school districts) in terms of enrollment.

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

- ▶ Village of Piketon
- ▶ Parent Teacher Organization
- ▶ Pike County Board of Education

The School District is associated with two organizations which are defined as jointly governed organizations. These organizations are the South Central Ohio Computer Association and Pike County Joint Vocational School. These organizations are presented in Note 14 to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scioto 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 and interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

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

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

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

Governmental Fund Types:

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

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

Special Revenue Funds - Special revenue funds are used to account for the proceeds of specific revenue sources (other than 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 obligation principal, interest, and related costs.

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Proprietary Fund Types:

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 are the School District's proprietary fund types:

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

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

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. The School District's only fiduciary funds are 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 or trust funds.

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

B. Measurement Focus and Basis of Accounting

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

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Measurement Focus and Basis of Accounting (Continued)

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 fiscal year end.

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

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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Process

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.

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 Pike County Budget Commission for rate determination.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process (Continued)

Estimated Resources: Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

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 do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

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 fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents (Continued)

During fiscal year 2000, investments were limited to a NOW interest-bearing account.

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

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 2000 amounted to \$183,112, which includes amounts assigned from other School District funds. The Special Revenue, Capital Projects and Enterprise Funds also earned interest in the amount of \$332, \$242,928, and \$410, respectively.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool are considered to be cash equivalents.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings and improvements, 5 years for textbooks, 6 to 10 years for vehicles and 5 years for infrastructure. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of twenty years.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Day Care
- Disadvantaged Pupil Impact Aid
- Title VI-B
- Title I
- Title VI
- Drug-Free Schools Program
- Eisenhower Grant
- School To Work

Capital Projects Funds

- Technology Equity

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Proprietary Funds

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

Grants and entitlements amounted to approximately sixty-eight percent of the School District's operating revenue during the 2000 fiscal year for its governmental funds.

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 School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the 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.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences (Continued)

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 15 years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In 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, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds are reported as a liability of the general long-term obligations account group until due.

K. Interfund Transactions

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

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

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 expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for budget stabilization, encumbrances, inventories of supplies and materials, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish a budget stabilization reserve. This reserve is required by State statute.

N. 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.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the following funds had deficit fund balance:

<i>Special Revenue Funds</i>	
DPIA	\$ 2,534
Chapter II	1
EMIS	48
Local Professional Development	42

At June 30, 2000, the following fund had a deficit retained earnings:

<i>Internal Service Fund</i>	
Self Insurance	\$128,383

These deficit fund balances/retained earnings were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

At June 30, 2000, the following funds had appropriations that exceed estimated resources:

<i>Special Revenue Fund</i>	
Principals Fund	\$ 5,095
<i>Capital Projects Fund</i>	
Classroom Facilities Fund	4,361,684
<i>Internal Service Fund</i>	
Matrix Medical Insurance Fund	42,188

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types 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).

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. 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				
	General	Special Revenue	Capital Projects	Debt Service
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
GAAP Basis	\$2,264,750	\$111,303	\$2,521,851	\$552,969
Revenue Accruals	(205,145)	(32,101)	0	(187,751)
Expenditure Accruals	44,323	17,540	(3,281)	0
Encumbrances	<u>(251,872)</u>	<u>(8,084)</u>	<u>(12,098,815)</u>	<u>0</u>
Budget Basis	<u><u>\$1,852,056</u></u>	<u><u>\$88,658</u></u>	<u><u>(\$9,580,245)</u></u>	<u><u>\$365,218</u></u>

Net Income (Loss)/Excess of Revenues Over (Under) Expenses All Proprietary Fund Types		
	Enterprise	Internal Service
	<u> </u>	<u> </u>
GAAP Basis	(\$29,296)	(\$129,714)
Revenue Accruals	13,473	0
Expense Accruals	42,431	39,630
Encumbrances	<u>(5,910)</u>	<u>0</u>
Budget Basis	<u><u>\$20,698</u></u>	<u><u>(\$90,084)</u></u>

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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 eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

Cash on Hand: At fiscal year end, the School District had \$25 in undeposited cash on hand which is included on the balance sheet of the School District as part of the "Equity in Pooled Cash and Cash Equivalents".

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$13,640,090 and the bank balance was \$13,865,034. Of the bank balance, \$200,000 was covered by federal deposit insurance, \$11,281,585 was insured and collateralized by the financial institution in pledged securities, and the remaining \$2,383,449 was uninsured and uncollateralized. Non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9.

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 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 6 - PROPERTY TAXES (Continued)

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

The School District receives property taxes from Pike County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$100,254 in the General Fund, \$18,112 in the Bond Retirement Fund, and \$2,415 in the Classroom Facilities Fund.

The assessed values upon which fiscal year 2000 taxes were collected are:

	<u>1999 Second- Half Collections</u>		<u>2000 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$39,173,220	57.55%	\$47,552,640	30.47%
Public Utility	24,487,956	35.98%	21,462,240	13.75%
Tangible Personal Property	<u>4,404,024</u>	<u>6.47%</u>	<u>87,039,582</u>	<u>55.78%</u>
Total Assessed Value	<u><u>\$68,065,200</u></u>	<u><u>100.00%</u></u>	<u><u>\$156,054,462</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$27.50		\$32.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, 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 fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
General Fund	
Grants	<u>\$ 900</u>
Total General Fund	900
Special Revenue Funds	
Grants	<u>87,736</u>
Total Intergovernmental Receivables	<u><u>\$88,636</u></u>

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$292,807
Less Accumulated Depreciation	<u>(273,498)</u>
Net Fixed Assets	<u><u>\$19,309</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$872,906	\$600,000	\$0	\$1,472,906
Buildings and Improvements	4,795,533	0	0	4,795,533
Furniture, Fixtures and Equipment	1,924,357	137,318	5,953	2,055,722
Vehicles	1,290,095	114,764	0	1,404,859
Textbooks	673,066	0	0	673,066
Construction in Progress	0	951,845	0	951,845
Infrastructure	<u>33,936</u>	<u>0</u>	<u>0</u>	<u>33,936</u>
Totals	9,589,893	1,803,927	5,953	11,387,867
Less Accumulated Depreciation	<u>(6,544,003)</u>	<u>(255,083)</u>	<u>(4,374)</u>	<u>(6,794,712)</u>
Total General Fixed Assets	<u><u>\$3,045,890</u></u>	<u><u>\$1,548,844</u></u>	<u><u>\$1,579</u></u>	<u><u>\$4,593,155</u></u>

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Mutual Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Mutual Insurance are as follows:

Building and Contents-replacement cost (\$500 deductible)	\$25,333,700
Builders Risk Coverage	25,400,000
Inland Marine Coverage (\$100 deductible)	14,838
Boiler and Machinery (\$1,000 deductible)	12,222,900
Crime Insurance	2,500
Automobile Liability (\$100 deductible)	350,000
Uninsured Motorists (\$250 deductible)	350,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 9 - RISK MANAGEMENT (Continued)

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$231,199 reported in the internal service fund at June 30, 2000 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$161,686	\$533,080	\$490,013	\$204,753
1999	\$204,753	\$784,962	\$798,146	\$191,569
2000	\$191,569	\$821,969	\$782,339	\$231,199

The School District increased premiums by 15% in September 2000 to offset the increase in claims over the past three years.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Scioto Valley Local School District participates in the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. 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 Schools District's contributions for pension obligations to SERS for the fiscal years ending June 30, 1998, 1999, and 2000 was \$85,131, \$121,080, \$89,400 respectively, 35 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$58,437 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The Scioto Valley Local School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614)227-4090.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System (Continued)

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6.0 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's contribution for pension obligations to STRS for the fiscal years ending June 30, 1998, 1999, and 2000 was \$461,913, \$406,210, and \$218,191 respectively, 81 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$42,089 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

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 health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1999, the Board allocated employer contributions equal to 3.5 percent of covered payroll to the Health Care Reserve Fund. Beginning July 1, 1999, this allocation was increased to 8 percent. For the School District, this amount equaled \$327,826 during fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$2,783 million at June 30, 1999, the latest information available. For the fiscal year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.0 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution, provides for maintenance of the asset target level for the health care fund.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999 SERS had net assets available for payment of health care benefits of \$188.0 million. SERS had approximately 51,000 participants currently receiving health care benefits. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$78,932 during the 2000 fiscal year.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement and after being employed by the School District for three years, payment is made for thirty-three percent for classified employees and twenty-five percent for certified employees of accrued, but unused sick leave credit, up to a maximum of forty-five days.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Insurance Company.

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Classroom Facilities Obligation Bonds - 1998 - 5.30%	\$3,377,000	\$0	\$37,000	\$3,340,000
Pension Obligation	63,699	3,743	0	67,442
Compensated Absences	397,542	15,097	0	412,639
Total General Long-Term Obligations	\$3,838,241	\$18,840	\$37,000	\$3,820,081

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

On September 1, 1998, the Scioto Valley Local School District issued \$3,377,000 in voted General Obligation Bonds for the purpose of constructing, remodeling, reconstructing and adding to school buildings. The bonds were issued for a 23 year period with the final maturity date being December 1, 2021. The bonds will be paid from property tax revenues received in the Classroom Facilities Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$11,113,865 with an unvoted debt margin of \$156,054 at June 30, 2000.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter school districts, and one representative from the fiscal agent. The School District paid SCOCA \$9,122 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

The Pike County Joint Vocational School - The Pike County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of the Pike County Board of Education and two representatives from the Waverly City Schools Board of Education, which possesses its own budgeting and taxing authority. To obtain financial information write to the Pike County Joint Vocational School, Tonya L. Cooper, who serves as Treasurer, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

NOTE 15 - 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, 2000.

B. Litigation

The School District is party to legal proceedings. The School District is of the opinion that ultimate disposition of claims will not have a material effect, if any, on the financial condition of the School District.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 16 - 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 that system. Declared unconstitutional was the State's "school foundation program", which provides significant amount of monetary support to this District. During the fiscal year ended June 30, 1999, the School District received \$5,843,463 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

NOTE 17 - DEFERRED COMPENSATION

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

Under the Ohio Public Employees Deferred Compensation Program, all plan assets are now being held in a trust arrangement for the exclusive benefit of participants and their beneficiaries, as required by the Small business Job Protection Act of 1996. The assets of these plans are not reflected in the combined financial statements of the School District.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 18 - RESTATED FUND BALANCE/EQUITY

Correction of accounting errors in the prior year required that certain adjustments be recorded to the July 1, 1999 fund balances/retained earnings as previously reported. The restatements to the opening fund balances/retained earnings are as follows:

<u>Fund Type</u>	<u>Previously Stated Balances At 6/30/99</u>	<u>Adjustments</u>	<u>Restated Balance at 7/1/99</u>
Special Revenue	\$ 257,993	(\$68,220)	\$189,773

NOTE 19 - STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	<u>Textbook Reserve</u>	<u>Capital Maintenance Reserve</u>	<u>Budget Stabilization Reserve</u>	<u>Total</u>
Balance 07/01/1999	\$0	\$0	\$92,086	\$92,086
Required Set-Aside	160,793	160,793	53,598	375,184
Offset Credits	0	79,124	0	79,124
Qualifying Expenditures	<u>184,419</u>	<u>185,753</u>	<u>0</u>	<u>370,172</u>
Amount carried to FY 01	<u>(23,626)</u>	<u>(104,084)</u>	<u>145,684</u>	<u>17,974</u>
Balance 06/30/2000	<u><u>\$0</u></u>	<u><u>\$0</u></u>	<u><u>\$145,684</u></u>	<u><u>\$145,684</u></u>

The School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may be used to reduce the set-aside requirements of future years. Negative amounts are presented as being carried forward to the next fiscal year.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2000, the School District had contractual commitments for the construction purchase commitments for the construction of a new high school facility as follows:

<u>Contractor</u>	<u>Contract Amount</u>	<u>Amount Expended</u>	<u>Balance at 6/30/00</u>
George Igel & Company	\$632,400	\$537,700	\$94,700
Mechanical Construction (HVAC)	1,795,220	42,590	1,752,630
Mechanical Construction (Plumbing)	693,035	52,248	640,787
Gilbane	1,103,710	397,830	705,880
Stockmeister Enterprises, Inc.	7,090,974	0	7,090,974
Tanner, Stone and Co.	1,565,825	363,186	1,565,825
Total	<u><u>\$12,881,164</u></u>	<u><u>\$1,393,554</u></u>	<u><u>\$11,850,796</u></u>

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000**

<u>Agency/Program/Grant</u>	<u>Pass Through Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
U.S. Department of Agriculture						
<i>Passed Through State Department of Education:</i>						
Nutrition Cluster:						
Food Distribution		10.550	\$	\$20,637	\$	\$25,336
School Breakfast Program	05-PU-00	10.553	98,939		98,939	
National School Lunch Program	03-PU-00	10.555	<u>224,257</u>	_____	<u>224,257</u>	_____
<i>Total U.S. Department of Agriculture - Nutrition Cluster</i>			323,196	20,637	323,196	25,336
U.S. Department of Education						
<i>Passed through State Department of Education:</i>						
Title I Grants to Local Educational Agencies	CI-SI-00	84.010	580,861		522,700	
Special Education - State Grants	6B-SF-00P	84.027	57,907		76,900	
Safe and Drug Free Schools and Communities Grant	DR-S1-00	84.186	13,571		18,877	
Goals 2000 - State and Local Education Systemic Improvement	G2-S1-00	84.276	28,598		29,409	
Eisenhower Professional Development - State Grant	MS-S1-00	84.281	3,408		1,032	
Innovative Education Program Strategies	C2-S1-00	84.298	9,046		9,046	
Title VI-R	CR-S1-00	84.340	<u>50,500</u>	_____	<u>42,409</u>	_____
<i>Total U.S. Department of Education</i>			<u>743,891</u>	_____	<u>700,373</u>	_____
Total Federal Awards Receipts and Expenditures			<u>\$1,067,087</u>	<u>\$20,637</u>	<u>\$1,023,569</u>	<u>\$25,336</u>

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

Note B - Food Distribution

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and 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, 2000 the School District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

We have audited the accompanying general purpose financial statements of Scioto Valley Local School District, Pike County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated January 11, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as items 2000-10766-001 and 2000-10766-002. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 11, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of School District in a separate letter January 11, 2001.

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

This report is intended for the information and use of the management, 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 11, 2001



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

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

Compliance

We have audited the compliance of Scioto Valley Local School District, Pike County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2000. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2000.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the 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 11, 2001

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster - CFDA #10.550, 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)

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

FINDING NUMBER 2000-10766-001

Noncompliance Citation

Ohio Rev. Code § 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated resources for that fund.

Appropriations exceeded estimated resources in the Classroom Facilities Fund by \$4,361,684 (33%), and the Matrix Medical Insurance Fund by \$42,188 (4%).

We recommend the Treasurer monitor appropriations to estimated resources. Additionally, the Board of Education should not approve appropriations in excess of estimated resources.

FINDING NUMBER 2000-10766-002

Noncompliance Citation

Ohio Rev. Code § 135.18 provides that the Treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times. Such security may consist of federal deposit insurance, surety company bonds, or pledged securities.

At fiscal year end June 30, 2000, the School District had \$2,383,449 more deposited than was secured or collateralized.

We recommend that the Treasurer ensure that adequate collateral is provided as security equal to the funds on deposit at all times.

3. FINDINGS FOR FEDERAL AWARDS

The audit of Scioto Valley Local School District, Pike County, for the year ending June 30, 2000 contained no findings for federal awards.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-10740-001	The Treasurer will monitor appropriations to estimated resources. Additionally, the Board of Education will not approve appropriations in excess of estimated resources.	January 12, 2001	Megan Williams, Treasurer
2000-10766-002	The Treasurer will ensure that adequate collateral is provided as security equal to the funds on deposit at all times.	January 12, 2001	Megan Williams, Treasurer



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SCIOTO VALLEY LOCAL SCHOOL DISTRICT

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 13, 2001**