

**CLEAR FORK VALLEY
LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

*GENERAL PURPOSE FINANCIAL STATEMENTS
(AUDITED)
FOR THE FISCAL YEAR ENDED
JUNE 30, 2001*

LORRAINE EARNEST, TREASURER



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
Columbus, Ohio 43215
Telephone 614-466-4514
800-282-0370
Facsimile 614-728-7398
www.auditor.state.oh.us

Board of Education
Clear Fork Valley Local School District
92 Hines Avenue
Bellville, Ohio 44813

We have reviewed the Independent Auditor's Report of the Clear Fork Valley Local School District, Richland County, prepared by Trimble, Julian & Grube, Inc., for the audit period July 1, 2000 through June 30, 2001. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Clear Fork Valley Local School District is responsible for compliance with these laws and regulations.

JIM PETRO
Auditor of State

December 29, 2001

This Page is Intentionally Left Blank.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

TABLE OF CONTENTS

Independent Auditor’s Report	1
Combined Balance Sheet - All Fund Types and Account Groups	2 - 3
Combined Statement of Revenues, Expenditures and Changes in Fund Balances (Deficits) - All Governmental Fund Types and Expendable Trust Fund	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual Comparison (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5
Combined Statement of Revenues, Expenses and Changes in Retained Earnings (Accumulated Deficit)/Fund Balance - All Proprietary Fund Types and Nonexpendable Trust Fund	6
Combined Statement of Cash Flows - All Proprietary Fund Types and Nonexpendable Trust Fund	7
Notes to the General Purpose Financial Statements	8 - 43
Supplemental Data Schedule of Expenditures of Federal Awards	44
Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	45 - 46
Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With <i>OMB Circular A-133</i>	47 - 48
Schedule of Findings <i>OMB Circular A-133 § .505</i>	49 - 50

This Page is Intentionally Left Blank.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Independent Auditor's Report

Board of Education
Clear Fork Valley Local School District
92 Hines Avenue
Bellville, OH 44813

We have audited the accompanying general purpose financial statements of the Clear Fork Valley Local School District, Richland County, (the "District"), as of and for the fiscal year ended June 30, 2001, as listed in the table of contents. These general purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Clear Fork Valley Local School District, Richland County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 12, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Trimble, Julian & Grube, Inc.
November 12, 2001

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise		Trust and Agency	General	
						Fixed Assets			
ASSETS AND OTHER DEBITS									
ASSETS:									
Equity in pooled cash and cash equivalents	\$614,696	\$185,942	\$514,273	\$624,854	\$120,331	\$61,624			\$2,121,720
Equity in pooled cash and cash equivalents - nonexpendable trust fund						26,093			26,093
Cash with fiscal agent					\$138,984				138,984
Receivables (net of allowances of uncollectibles):									
Taxes - current & delinquent	3,233,757		625,850	185,107					4,044,714
Accounts	10,099	1,800							11,899
Accrued interest	68			154					222
Interfund loan receivable	7,180								7,180
Due from other governments		7,180							7,180
Prepayments	3,598								3,598
Materials and supplies inventory					12,298				12,298
Restricted assets:									
Equity in pooled cash and cash equivalents	21,600								21,600
Property, plant and equipment (net of accumulated depreciation where applicable)					152,660		\$16,110,950		16,263,610
OTHER DEBITS:									
Amount available in debt service fund								\$560,651	560,651
Amount to be provided for retirement of general long-term obligations.								8,370,464	8,370,464
Total assets and other debits.	\$3,890,998	\$194,922	\$1,140,123	\$810,115	\$285,289	\$87,717	\$16,110,950	\$8,931,115	\$31,590,213

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED BALANCE SHEET
 ALL FUND TYPES AND ACCOUNT GROUPS
 JUNE 30, 2001

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Types		Account Groups		Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
LIABILITIES, EQUITY AND OTHER CREDITS										
LIABILITIES:										
Accounts payable	\$809	\$424		\$3,718						\$4,951
Accrued wages and benefits	825,797	38,619		929	\$34,835					900,180
Compensated absences payable	36,873				7,952				\$459,235	504,060
Pension obligation payable	149,052	850		18,522					98,370	266,794
Interfund loan payable		7,180								7,180
Deferred revenue	2,945,075	7,180	\$579,472	169,289	8,485	\$194,201				3,709,501
Claims payable							\$60,036			194,201
Due to students							853			60,036
Due to other governments										853
General obligation bonds payable									8,373,510	8,373,510
Total liabilities	3,957,606	54,253	579,472	173,936	69,794	194,201	60,889	8,931,115	14,021,266	
EQUITY AND OTHER CREDITS:										
Investment in general fixed assets								\$16,110,950		16,110,950
Contributed capital					157,892					157,892
Retained earnings (accumulated deficit): unreserved					57,603	(55,217)				2,386
Fund balances:										
Reserved for encumbrances	123,941	15,480		118,009						257,430
Reserved for prepayments	3,598									3,598
Reserved for debt service			525,916							525,916
Reserved for tax revenue unavailable for appropriation	176,533		34,735	10,146						221,414
Reserved for principal endowment							25,000			25,000
Reserved for textbooks	21,600									21,600
Unreserved-undesignated (deficit)	(392,280)	125,189		508,024			1,828			242,761
Total equity and other credits	(66,608)	140,669	560,651	636,179	215,495	(55,217)	26,828	16,110,950	8,931,115	17,568,947
Total liabilities, equity and other credits	\$3,890,998	\$194,922	\$1,140,123	\$810,115	\$285,289	\$138,984	\$87,717	\$16,110,950	\$8,931,115	\$31,590,213

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES (DEFICITS)
 ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Governmental Fund Types				Fiduciary Fund Type	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
From local sources:						
Taxes	\$2,946,967		\$580,922	\$171,835		\$3,699,724
Tuition	69,308					69,308
Earnings on investments	86,472			30,238	\$4	116,714
Extracurricular activities		\$180,891				180,891
Gift and donations	5,305	10,680				15,985
Other local revenues	89,652	5,239			25	94,916
Intergovernmental - State	6,328,414	114,085	70,873	190,190		6,703,562
Intergovernmental - Federal		262,972				262,972
Total revenues	9,526,118	573,867	651,795	392,263	29	11,144,072
Expenditures:						
Current:						
Instruction:						
Regular	4,207,195	86,905		129,824		4,423,924
Special	571,436	157,442				728,878
Vocational	141,504					141,504
Other	179,498					179,498
Support services:						
Pupil	384,332	35,948			544	420,824
Instructional staff	445,825	129,355		1,134		576,314
Board of education	47,986					47,986
Administration	892,356	7,892				900,248
Fiscal	236,557		10,475	3,108		250,140
Operations and maintenance	1,162,582	9,874		44,513		1,216,969
Pupil transportation	821,117			13,523		834,640
Central	27,414					27,414
Community services	22,104	4,097				26,201
Extracurricular activities	150,906	127,423				278,329
Facilities acquisition and construction	10,349			209,378		219,727
Debt service:						
Principal retirement			135,000			135,000
Interest and fiscal charges			436,414			436,414
Total expenditures	9,301,161	558,936	581,889	401,480	544	10,844,010
Excess of revenues over (under) expenditures	224,957	14,931	69,906	(9,217)	(515)	300,062
Other financing sources (uses):						
Operating transfers in				585,996		585,996
Operating transfers (out)				(585,996)		(585,996)
Proceeds from sales of fixed assets	10,652					10,652
Total other financing sources (uses)	10,652			0		10,652
Excess of revenues and other financing sources over (under) expenditures (uses)	235,609	14,931	69,906	(9,217)	(515)	310,714
Fund balances (deficits), July 1	(302,217)	125,738	490,745	645,396	1,250	960,912
Fund balances (deficits), June 30	(\$66,608)	\$140,669	\$560,651	\$636,179	\$735	\$1,271,626

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CLEAR FORK VALLEY SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES BUDGET AND
 ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
 ALL GOVERNMENTAL FUND TYPES
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	General			Special Revenue			Debt Service			Capital Projects			Total (Memorandum only)		
	Revised	Actual	Variance: Favorable (Unfavorable)	Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
	Budget			Budget											
Revenues:															
From local sources:															
Taxes.....	\$2,851,686	\$3,010,775	\$159,089				\$130,975	\$590,106	\$459,131	\$76,047	\$172,393	\$96,346	\$3,058,708	\$3,773,274	\$714,566
Tuition.....	65,220	68,858	3,638							13,271	30,084	16,813	65,220	68,858	3,638
Earnings on investments.....	81,838	86,404	4,566										95,109	116,488	21,379
Extracurricular activities.....				\$147,372	\$180,220	\$32,848							147,372	180,220	32,848
Gifts and donations.....	5,025	5,305	280	8,733	10,680	1,947							8,733	10,680	1,947
Other local revenues.....	51,429	54,298	2,869	4,282	5,237	955							4,282	5,237	955
Intergovernmental - State.....	5,945,150	6,276,816	331,666	47,211	113,085	65,874	15,731	70,873	55,142	128,418	190,190	61,772	55,711	59,535	3,824
Intergovernmental - Federal.....				215,042	262,972	47,930							215,042	262,972	47,930
Total revenues.....	9,000,348	9,502,456	502,108	422,640	572,194	149,554	146,706	660,979	514,273	217,736	392,667	174,931	9,787,430	11,128,296	1,340,866
Expenditures:															
Current:															
Instruction:															
Regular.....	4,233,178	4,196,332	36,826	82,762	87,061	(4,299)				128,629	129,665	(1,036)	4,444,569	4,413,078	31,491
Special.....	560,465	565,837	(5,372)	162,205	154,902	7,303							722,670	720,739	1,931
Vocational.....	120,399	141,634	(21,235)										120,399	141,634	(21,235)
Other.....	185,000	212,498	(27,498)										185,000	212,498	(27,498)
Support services:															
Pupil.....	382,495	380,725	1,770	39,590	36,146	3,444				1,709	363	1,346	422,085	416,871	5,214
Instructional staff.....	464,254	450,058	14,196	152,046	140,021	12,025							618,009	590,442	27,567
Board of Education.....	52,385	47,905	4,480										52,385	47,905	4,480
Administration.....	896,728	885,494	11,234	5,767	7,892	(2,125)							902,495	893,386	9,109
Fiscal.....	217,105	236,370	(19,265)							2,250	3,099	(849)	229,895	250,009	(20,114)
Operations and maintenance.....	1,238,196	1,158,156	80,040	12,678	9,887	2,791				103,884	86,107	17,777	1,354,758	1,254,150	100,608
Pupil transportation.....	796,970	908,130	(111,160)							60,869	74,764	(13,895)	857,839	982,894	(125,055)
Central.....	33,030	27,664	5,366										33,030	27,664	5,366
Community services.....	19,972	21,892	(1,920)	4,134	4,097	37				260,132	253,089	7,043	24,106	25,989	(1,883)
Extracurricular activities.....	185,004	150,235	34,769	127,717	127,718	(1)							312,721	277,953	34,768
Facilities acquisition and construction.....	10,350	10,349	1										270,482	263,438	7,044
Debt service:															
Principal retirement.....															
Interest and fiscal charges.....															
Total expenditures.....	9,395,531	9,393,299	2,232	586,899	567,724	19,175	557,473	581,954	0	557,473	547,087	10,386	11,121,857	11,090,064	31,793
Excess of revenues over/ (under) expenditures.....	(395,183)	109,157	504,340	(164,259)	4,470	168,729	(435,248)	79,025	514,273	(335,998)	(154,420)	185,317	(1,334,427)	38,232	1,372,659
Other financing sources (uses):															
Refund of prior year's expenditures.....	50,201	51,002	2,801										50,201	53,002	2,801
Operating transfers in.....	62,398	65,879	3,481							258,498	585,996	327,498	320,896	651,875	330,979
Operating transfers (out).....	(65,879)	(65,879)	0							(585,973)	(585,996)	(23)	(651,852)	(651,875)	(23)
Advances in.....	17,227	18,188	961	5,871	7,180	1,309							23,098	25,368	2,270
Advances (out).....	(7,042)	(7,180)	(138)							(8,523)	(18,188)	(9,665)	(15,565)	(25,368)	(9,803)
Proceeds of sale from fixed assets.....	10,089	10,652	563										10,089	10,652	563
Total other financing sources (uses).....	66,994	74,662	7,668	5,871	7,180	1,309				(335,998)	(18,188)	317,810	(263,133)	63,654	326,787
Excess of revenues and other financing sources over/(under) expenditures and other financing (uses):	(328,189)	183,819	512,008	(158,388)	11,650	170,038	(435,248)	79,025	514,273	(675,735)	(172,608)	503,127	(1,597,560)	101,886	1,699,446
Fund balances, July 1.....	326,760	326,760	0	151,986	151,986	0	455,248	435,248	0	607,167	607,167	0	1,521,161	1,521,161	0
Prior year encumbrances appropriated.....	1,429	1,429	0	6,402	6,402	0	0	0	0	68,568	68,568	0	76,399	76,399	0
Fund balances, June 30.....	\$0	\$512,008	\$512,008	\$0	\$170,038	\$170,038	\$0	\$514,273	\$514,273	\$0	\$503,127	\$503,127	\$0	\$1,699,446	\$1,699,446

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES
IN RETAINED EARNINGS (ACCUMULATED DEFICIT)/ FUND BALANCE
ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Operating revenues:				
Tuition and fees	\$555			\$555
Sales/charges for services	436,959	\$1,138,053		1,575,012
Interest revenue			\$1,615	1,615
Other operating revenues	595	1,609		2,204
Total operating revenues	438,109	1,139,662	1,615	1,579,386
Operating expenses:				
Personal services	300,899	123,848		424,747
Contract services	16,298			16,298
Materials and supplies	234,251			234,251
Depreciation	10,134			10,134
Claims expense		1,179,384		1,179,384
Other operating expenses		266	1,477	1,743
Total operating expenses	561,582	1,303,498	1,477	1,866,557
Operating income (loss)	(123,473)	(163,836)	138	(287,171)
Nonoperating revenues:				
Operating grants	86,559			86,559
Federal commodities	41,753			41,753
Interest revenue	3,540	9,437		12,977
Total nonoperating revenues	131,852	9,437		141,289
Net income (loss)	8,379	(154,399)	138	(145,882)
Retained earnings/fund balance at July 1	49,224	99,182	25,955	174,361
Retained earnings (accumulated deficit)/ fund balance at June 30	<u>\$57,603</u>	<u>(\$55,217)</u>	<u>\$26,093</u>	<u>\$28,479</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO
 COMBINED STATEMENT OF CASH FLOWS
 ALL PROPRIETARY FUND TYPES AND NONEXPENDABLE TRUST FUND
 FOR THE FISCAL YEAR ENDED JUNE 30, 2001

	Proprietary Fund Types		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Nonexpendable Trust	
Cash flows from operating activities:				
Cash received from tuition and fees	\$555			\$555
Cash received from sales/service charges	436,959	\$1,138,053		1,575,012
Cash received from other operations	595	1,609		2,204
Cash payments for personal services	(301,381)	(123,848)		(425,229)
Cash payments for contract services.	(16,298)			(16,298)
Cash payments for materials and supplies.	(192,849)			(192,849)
Cash payments for claims expenses		(1,104,371)		(1,104,371)
Cash payments for other expenses.		(266)	(\$1,477)	(1,743)
Net cash used in operating activities	(72,419)	(88,823)	(1,477)	(162,719)
Cash flows from noncapital financing activities:				
Cash received from operating grants	86,747			86,747
Net cash provided by noncapital financing activities	86,747			86,747
Cash flows from investing activities:				
Interest received	3,540	9,437	1,615	14,592
Net cash provided by investing activities	3,540	9,437	1,615	14,592
Net increase (decrease) in cash and cash equivalents	17,868	(79,386)	138	(61,380)
Cash and cash equivalents at beginning of year	102,463	218,370	25,955	346,788
Cash and cash equivalents at end of year.	<u>\$120,331</u>	<u>\$138,984</u>	<u>\$26,093</u>	<u>\$285,408</u>
Reconciliation of operating income (loss) to net cash used in operating activities:				
Operating income (loss).	(\$123,473)	(\$163,836)	\$138	(\$287,171)
Adjustments to reconcile operating income (loss) to net cash used in operating activities:				
Depreciation	10,134			10,134
Federal donated commodities	41,753			41,753
Interest reported as operating income			(1,615)	(1,615)
Changes in assets and liabilities:				
Increase in materials and supplies inventory.	(649)			(649)
Decrease in accrued wages and benefits	(259)			(259)
Increase in compensated absences payable	1,364			1,364
Decrease in pension obligation payable	(1,587)			(1,587)
Increase in claims payable		75,013		75,013
Increase in deferred revenue	298			298
Net cash used in operating activities	<u>(\$72,419)</u>	<u>(\$88,823)</u>	<u>(\$1,477)</u>	<u>(\$162,719)</u>

THE NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS ARE AN INTEGRAL PART OF THIS STATEMENT.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

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

The District was established in 1963 through the consolidation of existing land areas and school districts. The District serves an area of approximately 110 square miles. It is located in Richland and Knox Counties, and includes the Cities of Bellville and Butler and portions of Jefferson, Worthington, Washington, and Perry Townships in Richland County and portions of Pike and Brown Townships in Knox County.

The District is the 309th largest in the State of Ohio (out of approximately 682 public and community school districts) in terms of enrollment. It is staffed by 80 non-certificated employees and 118 certificated full-time teaching personnel who provide services to 1,841 students and other community members. The District currently operates 4 instructional buildings, 1 administrative building, and 1 garage.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the District's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, the District has no component units. The following organizations are described due to their relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Heartland Council of Governments (the COG)

The COG (formerly known as North Central Ohio Computer Cooperative) is a jointly governed organization among 21 school districts and 2 county boards of education. The COG was formed for the purpose of applying modern technology with the aid of computers and other electronic technology for administrative and instructional functions. Each member district supports the COG based on a per pupil charge dependent upon the software package utilized. The COG is governed by a Board of Directors consisting of superintendents of the members school districts. The degree of control exercised by any school district is limited to its representation on the Board. In accordance with GASB Statement No. 14, the District does not have any equity interest in the COG.

Financial information can be obtained from the treasurer for the Pioneer Career and Technology Center, who serves as fiscal agent, at 27 Ryan Road, Shelby, Ohio 44875-0309.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

Knox County Joint Vocational School

The Knox County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial information may be obtained from the treasurer for Knox County Joint Vocational School District, at 306 Martinsburg Road, Mount Vernon, Ohio 43050.

INSURANCE PURCHASING POOLS

Ohio Mid-Eastern Regional Education Services Agency

The District is a participant with several other school districts in an insurance purchasing pool to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing insurance. OME-RESA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board.

Ohio School Boards Association Workers' Compensation Group Rating Program

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP was established under Section 4123.29 of the Ohio Revised Code. The GRP's business and affairs are conducted by a three-member Board of directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

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

General Fund - The general fund is the general operating fund of the District and is used to account for all financial resources, except those required to be accounted for in another fund.

Special Revenue Funds - The 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 expenditures for specified purposes.

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities, which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body 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 (b) where the governing body has 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 Funds - The internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Agency funds are presented on a budget basis, with note disclosure regarding items, which, in other fund types, would be subject to accrual. At June 30, 2001, there were no material accruals for agency funds, which, in other fund types, would be recognized on the combined balance sheet.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

ACCOUNT GROUPS

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

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

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

C. Measurement Focus/Basis of Accounting

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

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The modified accrual basis of accounting is followed for the governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is 60 days after the June 30 year-end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate and are intended to finance fiscal 2002 operations, have been recorded as deferred revenues, except for that portion, which is available from the County Auditors as advances at June 30. This amount is recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the modified accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied and the resources are available. Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been met and the resources are available.

The District reports deferred revenue 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. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred, with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The proprietary and nonexpendable trust funds are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year in the operating statement as an expense and a like amount is reported as donated commodities revenue.

On the accrual basis of accounting, revenue from nonexchange transactions, such as grants, entitlements and donations, is recognized in the fiscal year in which all eligibility requirements have been met. The proprietary funds receive no revenue from property taxes.

D. Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds. The specific timetable for fiscal year 2001 is as follows:

1. Prior to January 15 of the preceding year, 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 expressed purpose of this budget document is to reflect the need for existing (or increased) tax rates.
2. By no later than January 20, the board-adopted budget is filed with the Richland County Budget Commission for tax rate determination.
3. Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources, which states the projected revenue of each fund. Prior to June 30, the 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 a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for fiscal year 2001.

4. By July 1, the annual Appropriation Resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. State statute permits a temporary appropriation to be effective until no later than October 1 of each year. Although the legal level of budgetary control was established at the fund level of expenditures, the District has elected to present budgetary statement comparisons at the fund and function level of expenditures. Resolution appropriations 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 total.
5. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.
6. Formal budgetary integration is employed as a management control device during the year for all funds consistent with the general obligation bond indenture and other statutory provisions. All funds completed the year within the amount of their legally authorized cash basis appropriation.
7. Appropriation amounts are as originally adopted, or as amended by the Board of Education through the year by supplemental appropriations, which increased the original appropriated amounts. The supplemental appropriations were legally enacted.
8. Unencumbered appropriations lapse at year-end. Encumbered appropriations are carried forward to the succeeding fiscal year and need not be reappropriated. Expenditures plus encumbrances may not legally exceed budgeted appropriations at the fund level.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

Encumbrance accounting is utilized with District funds in the normal course of operations, for purchase orders and contract related expenditures. An encumbrance is a reserve on the available spending authority due to commitment for a future expenditure and does not represent a liability. For governmental fund types, encumbrances outstanding at year-end appear as a reserve to the fund balance on a GAAP basis and as the equivalent of expenditures on a non-GAAP budgetary basis in order to demonstrate legal compliance. Note 16 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental fund types. There were no encumbrances outstanding for the enterprise funds at fiscal year-end.

E. Cash and Investments

To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

During fiscal year 2001, investments were limited to investments in the State Asset Treasury Reserve of Ohio (STAR Ohio) and a repurchase agreement. Investments in STAR Ohio are reported at fair value, which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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

Under existing Ohio statutes, all investment earnings are assigned to the general fund, unless statutorily required to be credited to a specific fund. By policy of the Board of Education, investment earnings are assigned to the general fund, the Building capital projects fund and the Self-Insurance internal service fund. The Food Service enterprise fund receives interest earnings based upon Federal mandate. Interest revenue credited to the general fund during fiscal 2001 amounted to \$86,472, which includes \$59,217 assigned from other District funds.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

An analysis of the Treasurer's investment account at year-end is provided in Note 4.

F. 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 District maintains a capitalization threshold of \$500. The District does not have any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the enterprise funds is computed using the straight-line method over an estimated useful life of 5 to 20 years.

G. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that is not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year-end.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating revenue when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

Entitlements

General Fund

State Foundation Program

Non-Reimbursable Grants

Special Revenue Funds

Professional Development Block Grant
Education Management Information Systems
SchoolNet Professional Development
LSTA Technology Grant
Title VI-B
Title I
Title VI
Network Connectivity
Ohio Reads
Summer Intervention
Safe School Helpline
Latchkey
Class Size Reduction
Safe and Drug Free Schools
School to Work

Capital Projects Funds

SchoolNet
Technology Equity
Power Up Technology
Emergency Building Repair
IVDL
SchoolNet Plus
ONENet

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

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

Reimbursable Grants

General Fund

Driver Education

Proprietary Funds

National School Lunch Program

Special Milk for Children

Government Donated Commodities

Grants and entitlements amounted to approximately 55% of the District's operating revenue during the 2001 fiscal year.

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the 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 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 District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for employees after 20 years of current service with the District, or after 15 years of service and at least 45 years of age or after five years of service and at least 50 years old. 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.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds, regardless of whether they will be liquidated with current resources; however, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

K. Fund Equity

Reserved fund balances indicate that portion of fund equity, which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, prepayments, debt service, tax revenue unavailable for appropriation, principal endowment, and textbooks. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP, but not available for appropriations under State statute. The reserve for textbooks represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. The reserve for principal endowment signifies the legal restrictions on the use of principal.

L. Interfund Transactions

Transactions between funds during the course of normal operations may occur. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as “interfund loans receivable and payable”. The District had short-term interfund loans receivable and payable at June 30, 2001.
4. Long-term interfund loans that will not be repaid within the next year are termed “advances” and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable or payable at June 30, 2001.

An analysis of interfund transactions is presented in Note 5.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a textbook reserve. This reserve is required by the State statute. A schedule of statutory reserves is presented in Note 18.

N. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

O. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food, purchased food, and school supplies held for resale and are expensed when used.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

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

P. Prepayments

Prepayments for governmental funds represent cash disbursements, which have occurred and are, therefore, not current expendable resources. These items are reported as fund assets on the balance sheet using the allocation method, which amortizes their cost over the periods benefitting from the advance payment. At year-end, because prepayment is not available to finance future governmental fund expenditures, the fund balance is reserved by an amount equal to the carrying value of the asset.

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. 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. Change in Accounting Principle

GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", was implemented during fiscal 2001. This statement pertains to the financial reporting of certain types of revenue received by the District for which no value is given in return, including derived tax revenues, imposed nonexchange transactions, government-mandated nonexchange transactions, and voluntary nonexchange transactions. The adoption of this statement had no effect on fund balances/retained earnings as previously reported by the District at June 30, 2000.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE - (Continued)

B. Deficit Fund Balances/Retained Earnings

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

	<u>Deficit Balances</u>
General Fund	\$66,608
<u>Special Revenue Funds</u>	
Teacher Development	38
Eisenhower	675
Title I	20,262
Title VI	7,042
Class Reduction	2,487
<u>Internal Service Fund</u>	
Employee Benefits Self-Insurance	55,217

These funds complied with Ohio state law, which does not allow a cash deficit at year-end.

The deficit fund balance in the general fund is a result of accruing wage, benefit and pension obligations in accordance with GAAP. This deficit will be eliminated by user charges and intergovernmental revenues not recognized at June 30.

The deficit fund balances in the Teacher Development, Eisenhower, Title I, and Class Reduction special revenue funds are a result of accruing wage, benefit and pension obligations in accordance with GAAP. These deficits will be eliminated by intergovernmental revenues not recognized at June 30.

The deficit fund balance in the Title VI special revenue fund is a result of the application of GAAP, namely in the recognition of interfund loans as a fund liability rather than as an "other financing source". This deficit will be eliminated as revenues are collected to repay this interfund loan.

The deficit retained earnings in the Employee Benefits Self-Insurance is a result of recording a liability for claims incurred prior to June 30 but not paid until after that date. This deficit may be eliminated as premiums are collected to pay these claims.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

1. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.
2. Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two-year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.
3. Interim deposits are deposits of interim monies. Interim monies are those monies, which are not needed for immediate use, but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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 2% and be marked to market daily, and that the term of the agreement must not exceed 30 days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed 180 days from the date of purchase in an amount not to exceed 25% of the interim moneys available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

Funds invested by fiscal agents are determined by trust agreements and bond indentures. Like the cash invested by the District Treasurer, eligible investments include U.S. government obligations, U.S. government agencies, and certificates of deposit.

Any public depository, at the time it receives a District deposit or investment in a certificate of deposit, is required to pledge to the investing authority as collateral eligible securities of aggregate market value that, when added to the portion of the deposit insured by the Federal Deposit Insurance Corporation or the Savings Association Fund, equals or exceeds the amount of District funds deposited.

A public depository may at its option pledge a single pool of eligible securities to secure the repayment of all public monies held by the depository. The pool of securities so pledged must have a current market value at least equal to 110% of all public monies on deposit with the depository including the amount covered by federal insurance.

Cash on hand: At fiscal year-end, the District had \$700 in undeposited cash on hand, which is included on the combined balance sheet of the District as part of "Equity in Pooled Cash and Cash Equivalents."

Funds Held by Fiscal Agent: The District participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The bank balance at fiscal year-end for the Employee Benefit Self-Insurance Fund was \$138,984. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

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

Deposits: At year-end, the carrying amount of the District's deposits was \$65,589 and the bank balance was \$245,750. Of the bank balance:

1. \$189,892 was covered by federal depository insurance; and

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

2. \$55,858 was uninsured and unregistered as defined by GASB because it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Collateral is required for demand deposits and certificates of deposit in excess of all deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies, obligations of the State of Ohio and its municipalities, and obligations of the other states. Obligations pledged to secure deposits must be delivered to a bank other than the institution in which the deposit is made. Written custodial agreements are required.

Investments: Investments are categorized to give an indication of the level of holding risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio is not categorized because it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Fair Value
Repurchase agreement	\$251,735	\$ 251,735
Investment in STAR Ohio	---	1,851,389
Total investments	\$251,735	\$2,103,124

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 4 - EQUITY IN POOLED CASH AND CASH EQUIVALENTS - (Continued)

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 2,308,397	\$ ---
Investment of the cash management pool:		
Investment in STAR Ohio	(1,851,389)	1,851,389
Repurchase agreement	(251,735)	251,735
Cash on hand	(700)	---
Cash with fiscal agent	<u>(138,984)</u>	<u>---</u>
 GASB Statement No. 3	 <u>\$ 65,589</u>	 <u>\$2,103,124</u>

NOTE 5 - INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2001, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$7,180	\$ ---
<u>Special Revenue Fund</u>		
Title VI	<u>---</u>	<u>7,180</u>
Total	<u>\$7,180</u>	<u>\$7,180</u>

B. The following is a summarized breakdown of the District's operating transfers for fiscal year 2001:

	<u>Transfers In</u>	<u>Transfers Out</u>
<u>Capital Projects Funds</u>		
Facilities Construction	\$ ---	\$585,996
Permanent Improvement	<u>585,996</u>	<u>---</u>
Total	<u>\$585,996</u>	<u>\$585,996</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after November 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value, except for the personal property of rural electric companies, which is assessed 50% of market and railroads, which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 2000 taxes were collected was \$139,289,157. Agricultural/residential and public utilities real estate represented \$108,273,840 or 77.73% of this total, commercial and industrial real estate represented \$11,121,570 or 7.98% of this total, public utility tangible represented \$13,238,130 or 9.5% of this total and general tangible property represented \$6,655,617 or 4.79% of this total. The voted general tax rate at the fiscal year ended June 30, 2001 was \$43.50 per \$1,000.00 of assessed valuation for operations, \$4.50 per \$1,000.00 of assessed valuation for debt retirement and \$2.20 per \$1,000 of assessed valuation for personal improvement.

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.

The Richland and Knox County Treasurers collect real estate property taxes on behalf of all taxing districts within the County. The Richland and Knox County Auditors periodically remit to the District their portion of the taxes collected with final settlement in March and September. Such collections are available to pay current period liabilities.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 6 - PROPERTY TAXES - (Continued)

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes, which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) 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, and recorded as revenue, at June 30, 2001, was \$176,533 in the general fund, \$34,735 in the Bond Retirement debt service fund, and \$10,146 in the Permanent Improvement capital projects fund.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, 2001, are reflected as a reservation of fund balance for tax advance unavailable for appropriation. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year-end.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of taxes, accounts (billings for user charged services and student fees), interfund loans, accrued interest, and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been reported as "Due From Other Governments" on the combined balance sheet. 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.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 7 - RECEIVABLES - (Continued)

A summary of the principal items of receivables follows:

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$3,233,757
Accounts 10,099	
Interfund loan	7,180
 <u>Special Revenue Funds</u>	
Accounts 1,800	
 <u>Debt Service Fund</u>	
Taxes - current and delinquent	625,850
 <u>Capital Projects Funds</u>	
Taxes - current and delinquent	185,107

NOTE 8 - FIXED ASSETS

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

	<u>Balance</u> <u>July 1, 2000</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance</u> <u>June 30, 2001</u>
Land and Improvements	\$ 101,646	\$150,614	\$ ---	\$ 252,260
Buildings and Improvements	12,415,840	68,864	---	12,484,704
Furniture and Equipment	1,636,341	103,858	(58,012)	1,682,187
Vehicles	<u>1,595,392</u>	<u>227,705</u>	<u>(131,298)</u>	<u>1,691,799</u>
 Total	 <u>\$15,749,219</u>	 <u>\$551,041</u>	 <u>\$(189,310)</u>	 <u>\$16,110,950</u>

A summary of the proprietary fixed assets at June 30, 2001 follows:

Furniture and equipment	\$251,607
Less: accumulated depreciation	<u>(98,947)</u>
 Net fixed assets	 <u>\$152,660</u>

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 9 - CHANGES IN CONTRIBUTED CAPITAL

Changes in contributed capital for the year ended June 30, 2001, are summarized by source as follows:

	Food Service
Contributed capital, July 1, 2000	\$157,892
Current contributions	---
Contributed capital, June 30, 2001	\$157,892

NOTE 10 - LONG-TERM OBLIGATIONS

A. During the year ended June 30, 2001, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences are presented net of actual increases and decreases due to practicality of determining these values. Compensated absences and the pension obligation will be paid from the fund in which the employee was paid.

	Balance July 1, 2000	Increase	Decrease	Balance June 30, 2001
1997 Series A bonds	\$ 920,000	\$ ---	\$ (15,000)	\$ 905,000
School improvement bonds	<u>7,588,510</u>	<u>---</u>	<u>(120,000)</u>	<u>7,468,510</u>
Total long-term bonds	<u>8,508,510</u>	<u>---</u>	<u>(135,000)</u>	<u>8,373,510</u>
Compensated absences	455,455	3,780	---	459,235
Pension obligation payable	<u>84,207</u>	<u>98,370</u>	<u>(84,207)</u>	<u>98,370</u>
Total long-term obligations	<u>\$9,048,172</u>	<u>\$102,150</u>	<u>\$(219,207)</u>	<u>\$8,931,115</u>

1997 Series A Bonds - In March 1998, the District issued \$950,000 in voted general obligation bonds for building improvements. The bonds were issued for 27 years with final maturity at December 2024. The bonds will be retired from the debt service fund. The interest rate on the bonds is currently 4.30%.

School Improvement Bonds - In July 1998, the District issued \$7,763,510 in voted general obligation bonds for building. The bonds were issued for 27 years with a final maturity at December 2024. The bonds will be retired from the debt service fund. The variable interest rate on the bonds is currently 4.15%.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 10 - LONG-TERM OBLIGATIONS - (Continued)

B. Principal and interest requirements to retire the long term bonds outstanding at June 30, 2001 are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2002	\$ 145,000	\$ 430,262	\$ 575,262
2003	155,000	423,510	578,510
2004	185,000	415,729	600,729
2005	200,000	406,780	606,780
2006	215,000	396,923	611,923
2007 - 2011	1,475,000	1,788,248	3,263,248
2012 - 2016	2,255,000	1,310,913	3,565,913
2017 - 2021	3,345,000	559,554	3,904,554
2022 - 2025	<u>398,510</u>	<u>31,972</u>	<u>430,482</u>
Totals	<u>\$8,373,510</u>	<u>\$5,763,891</u>	<u>\$14,137,401</u>

C. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2001 are a voted debt margin of \$4,723,165 (including available funds of \$560,651) and an unvoted debt margin of \$139,289.

NOTE 11 - COMPENSATED ABSENCES

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn 10 to 20 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 235 days for all certified employees and up to 250 days for classified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit, to a maximum of 55 days for both classified and certificated employees.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 12 - RISK MANAGEMENT

A. Comprehensive

The District maintains comprehensive insurance coverage with private carriers for liability, real property, building contents, boiler/machinery and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. In addition, real property contents are 90% coinsured. The following is a description of the District's insurance coverage:

<u>Coverage</u>	<u>Insurer</u>	<u>Limits of Coverage</u>	<u>Deductible</u>
General liability:	Harcum-Hyre		
Each occurrence		\$ 2,000,000	\$ 0
Aggregate		\$ 5,000,000	\$ 0
Property/building and contents	Nationwide	\$34,500,000	\$1,000
Fleet:			
Comprehensive	Nationwide	\$ 2,000,000	\$ 50
Collision		\$ 2,000,000	\$ 50
Umbrella liability	Harcum-Hyre	\$ 2,000,000	\$ 0

Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

B. Workers' Compensation

For fiscal year 2001, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 2.A.). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the state based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund".

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 12 - RISK MANAGEMENT - (Continued)

This “equity pooling” arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP’s selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

D. Employee Group Medical/Surgical, Dental and Vision Insurance

Medical/surgical, dental and vision insurance is offered to employees through a self-insurance internal service fund. The District is a member of a claims servicing pool, consisting of 74 school districts within the State, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District’s behalf. The claims liability of \$194,201 reported in the internal service fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of GASB Statement No. 10, “Accounting and Financial Reporting for Risk Financing and Related Insurance Issues”, as amended by GASB Statement No. 30, “Risk Financing Omnibus”, which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred, but not reported claims, be accrued at the estimated ultimate cost of settling the claims. Changes in claims activity for the past two fiscal years are as follows:

<u>Fiscal Year</u>	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claim Payments</u>	<u>Balance at End of Year</u>
2001	\$119,188	\$1,179,384	\$(1,104,371)	\$194,201
2000	87,117	925,291	(893,220)	119,188

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 13 - SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains four enterprise funds to account for the operations of food service, uniform school supplies, adult education, and the latchkey program. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2001.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Adult Education</u>	<u>Latchkey</u>	<u>Total</u>
Operating revenue	\$ 429,784	\$ 677	\$ 555	\$7,093	\$ 438,109
Operating expenses before depreciation	545,821	991	724	3,912	551,448
Depreciation	10,134	---	---	---	10,134
Operating income (loss)	(126,171)	(314)	(169)	3,181	(123,473)
Federal donated commodities	41,753	---	---	---	41,753
Operating grants	86,559	---	---	---	86,559
Net income (loss)	5,681	(314)	(169)	3,181	8,379
Net working capital	62,994	1,286	760	4,735	69,775
Total assets	278,503	1,286	762	4,738	285,289
Total liabilities	69,789	---	2	3	69,794
Total equity	208,714	1,286	760	4,735	215,495
Total contributed capital	157,892	---	---	---	157,892

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 14 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The 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% of their annual covered salary and the District is required to contribute 14% for 2001; 4.2% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$226,814, \$225,967, and \$212,641, respectively; 40% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$135,812, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 14 - DEFINED BENEFIT PENSION PLANS - (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 9.5% was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$633,467, \$611,869, and \$618,499, respectively; 83% has been contributed for fiscal year 2001 and 100% for the fiscal years 2000 and 1999. \$108,472, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTE 15 - POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through STRS, and to retired non-certified employees and their dependents through SERS. Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by STRS/SERS based on authority granted by State statute. Both STRS/SERS 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 the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 4.5% of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$203,614 during fiscal 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$3.419 billion at June 30, 2000 (the latest information available). For the year ended June 30, 2000 (the latest information available), net health care costs paid by STRS were \$283.137 million and STRS had 99,011 eligible benefit recipients.

For SERS, coverage is made available to service retirees with 10 or more years of qualifying service credit, and disability and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than 25 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% of the premium.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 15 - POSTEMPLOYMENT BENEFITS - (Continued)

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

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 2000 (the latest information available), were \$140.7 million and the target level was \$211.0 million. At June 30, 2000 (the latest information available), SERS had net assets available for payment of health care benefits of \$252.3 million and SERS had approximately 50,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$191,841 during the 2001 fiscal year.

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING

While reporting financial position, results of operations, and changes in fund balance is done on a GAAP basis, the budgetary basis, as provided by law, is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001

NOTE 16 - BUDGETARY BASIS OF ACCOUNTING - (Continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for the governmental funds are as follows:

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses			
	Governmental Fund Types			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$183,819	\$11,650	\$79,025	\$(172,608)
Net adjustment for revenue accruals	23,662	1,673	(9,184)	(404)
Net adjustment for expenditure accruals	(32,150)	(7,116)	65	23,880
Net adjustment for other financing sources (uses)	(64,010)	(7,180)	---	18,188
Encumbrances (budget basis)	<u>124,288</u>	<u>15,904</u>	<u>---</u>	<u>121,727</u>
GAAP basis	<u>\$235,609</u>	<u>\$14,931</u>	<u>\$69,906</u>	<u>\$ (9,217)</u>

NOTE 17 - CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds; however, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2001.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 17 - CONTINGENCIES - (Continued)

B. Litigation

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

C. State School Funding Decision

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

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 12, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
RICHLAND COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

NOTE 18 - STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 2000	\$ 27,538	\$ 0	\$ 113,225
Current year set-aside requirement	211,103	211,103	---
Elimination of budget stabilization reserve	---	---	(113,225)
Current year offsets	---	(191,953)	---
Qualifying disbursements	<u>(217,041)</u>	<u>(117,313)</u>	<u>---</u>
 Total	 <u>\$ 21,600</u>	 <u>\$ (98,163)</u>	 <u>\$ 0</u>
Cash balance carried forward to FY 2002	<u>\$ 21,600</u>	<u>\$ (98,163)</u>	<u>\$ 0</u>

Effective April 10, 2001, Am. Sub. Senate Bill 345 amended ORC Section 5705.29 effectively eliminating the requirement for the District to establish and maintain a budget stabilization reserve. Prior to June 30, 2001, the School Board passed a resolution transferring these funds to the general fund. The District expended these funds prior to June 30, 2001 to purchase school buses which are an allowable expense under Am. Sub. Senate Bill 345. The District is still required by state law to maintain the textbook reserve and capital acquisition reserve.

The District had offsets and qualifying disbursements during the year that reduced the set-aside amount below zero for the capital acquisition reserve, this extra amount may be used to reduce the set-aside requirement for future years. The negative amount therefore is presented as being carried forward to the next fiscal year.

A schedule of the restricted assets at June 30, 2001 follows:

Amount restricted for textbooks	<u>\$21,600</u>
Total restricted assets	<u>\$21,600</u>

This Page is Intentionally Left Blank.

SUPPLEMENTAL DATA

This Page is Intentionally Left Blank.

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ SUB GRANTOR/ PROGRAM TITLE	CFDA NUMBER	PASS-THROUGH GRANT NUMBER	(D) CASH FEDERAL RECEIPTS	OTHER FEDERAL RECEIPTS	(D) CASH FEDERAL DISBURSEMENTS	OTHER FEDERAL DISBURSEMENTS
U. S. DEPARTMENT OF AGRICULTURE PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u>						
Nutrition Grant Cluster:						
(A) (B) Food Distribution	10.550	N/A		\$42,050		\$41,753
(A) (C) National School Lunch Program	10.555	N/A	\$82,018		\$82,018	
(A) (C) Special Milk Program for Children	10.556	N/A	1,598		1,598	
Total Nutrition Grant Cluster and U. S. Department of Agriculture			83,616	42,050	83,616	41,753
U. S. DEPARTMENT OF EDUCATION PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u>						
Title I - Grants to Local Educational Agencies	84.010	C1-S1 00	0		3,592	
	84.010	C1-S1 01	140,900		136,902	
Total Title I			140,900		140,494	
Title VI-B - Education of the Handicapped Act	84.027	6B-SF 00	0		5,211	
	84.027	6B-SF 01	60,284		52,378	
Total Title VI-B			60,284		57,589	
(E) Safe and Drug-Free Schools State Grant	84.186	N/A	7,337		7,337	
Eisenhower Professional Development Grant	84.281	MS-S1 01	6,604		6,604	
Title VI- Innovative Education Program Strategy	84.298	C2-S1 01	1,576		8,618	
Title VI-R Classroom Size Reduction Grant	84.340	CR-S1 00	0		1,512	
	84.340	CR-S1 01	31,297		29,215	
Total Title VI-R			31,297		30,727	
Total U. S. Department of Education			247,998		251,369	
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u>						
Dependent Care Plan	93.673	DC-S1 00	0		4,151	
Total U. S. Department of Health and Human Services			0		4,151	
U. S. DEPARTMENT OF LABOR PASSED THROUGH THE <u>OHIO DEPARTMENT OF EDUCATION:</u>						
School to Work Passthrough	17.249	N/A	14,974		14,974	
Total U. S. Department of Labor			14,974		14,974	
Total Federal Financial Assistance			\$346,588	\$42,050	\$354,110	\$41,753

- (A) Included as part of "Nutrition Grant Cluster" in determining major programs.
 (B) The Food Distribution Program is a non-cash, in kind, federal grant. Commodities are valued at fair market prices.
 (C) Comingled with state and local revenue from sales of lunches; assumed expenditures were made on a first-in, first-out basis.
 (D) This schedule was prepared on the cash basis of accounting.
 (E) Pass through Mid-Ohio Educational Service Center

This Page is Intentionally Left Blank.

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of General Purpose Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Clear Fork Valley Local School District
92 Hines Avenue
Bellville, Ohio 44813

We have audited the general purpose financial statements of Clear Fork Valley Local School District as of and for the fiscal year ended June 30, 2001, and have issued our report thereon dated November 12, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and 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 Clear Fork Valley Local 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Board of Education
Clear Fork Valley Local School District

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Clear Fork Valley Local School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted certain matters involving the internal control over financial reporting that we have reported to the management of Clear Fork Valley Local School District in a separate letter dated November 12, 2001.

This report is intended for the information and use of the management and Board of Education of Clear Fork Valley Local School District, 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.

Trimble, Julian & Grube, Inc.
November 12, 2001

TRIMBLE, JULIAN & GRUBE, INC.

"SERVING OHIO LOCAL GOVERNMENTS"

1445 Worthington Woods Boulevard
Suite B
Worthington, Ohio 43085

Telephone 614.846.1899
Facsimile 614.846.2799

Report on Compliance With Requirements Applicable to Its Major Federal Program and on Internal Control Over Compliance in Accordance With *OMB Circular A-133*

Board of Education
Clear Fork Valley Local School District
92 Hines Avenue
Bellville, Ohio 44813

Compliance

We have audited the compliance of Clear Fork Valley Local 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 fiscal year ended June 30, 2001. Clear Fork Valley Local 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 Clear Fork Valley Local School District's management. Our responsibility is to express an opinion on Clear Fork Valley Local School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audit 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Clear Fork Valley Local 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 Clear Fork Valley Local School District's compliance with those requirements.

Board of Education
Clear Fork Valley Local School District

In our opinion, Clear Fork Valley Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the fiscal year ended June 30, 2001.

Internal Control Over Compliance

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

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

This report is intended for the information and use of management, the Board of Education of Clear Fork Valley Local School District, 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.

Trimble, Julian & Grube, Inc.
November 12, 2001

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
 RICHLAND COUNTY
 JUNE 30, 2001**

**SCHEDULE OF FINDINGS
 OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	<i>Type of Financial Statement Opinion</i>	Unqualified
<i>(d)(1)(ii)</i>	<i>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(ii)</i>	<i>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iii)</i>	<i>Was there any reported non-compliance at the financial statement level (GAGAS)?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any material internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(iv)</i>	<i>Were there any other reportable internal control weakness conditions reported for major federal programs?</i>	No
<i>(d)(1)(v)</i>	<i>Type of Major Programs' Compliance Opinion</i>	Unqualified
<i>(d)(1)(vi)</i>	<i>Are there any reportable findings under § .510?</i>	No

**CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT
 RICHLAND COUNTY
 JUNE 30, 2001**

**SCHEDULE OF FINDINGS
 OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS (Continued)

<i>(d)(1)(vii)</i>	<i>Major Programs:</i>	Title I, CFDA #84.010
<i>(d)(1)(viii)</i>	<i>Dollar Threshold: Type A/B Programs</i>	Type A: >\$300,000 Type B: all others
<i>(d)(1)(ix)</i>	<i>Low Risk Auditee?</i>	Yes

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

CLEAR FORK VALLEY LOCAL SCHOOL DISTRICT

RICHLAND COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**