



**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

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

We conducted our audit in accordance with 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 significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 20, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 20, 2001

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SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$4,727,373	\$314,957	\$163,462	\$797,998
Receivables:				
Property Taxes	579,670	14,082	157,708	0
Intergovernmental	85,503	136,661	0	3,362,056
Accrued Interest	94,811	0	0	1,629
Interfund	37,189	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	20,653	0	0	0
Prepaid Items	29,577	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	194,299	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$5,769,075</u>	<u>\$465,700</u>	<u>\$321,170</u>	<u>\$4,161,683</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$208,576	\$61,601	\$0	\$0	\$6,273,967
0	0	0	0	751,460
0	0	0	0	3,584,220
0	0	0	0	96,440
0	0	0	0	37,189
1,985	0	0	0	1,985
184	0	0	0	20,837
0	0	0	0	29,577
0	0	0	0	194,299
94,685	0	13,327,670	0	13,422,355
0	0	0	164,307	164,307
0	0	0	1,670,813	1,670,813
<u>\$305,430</u>	<u>\$61,601</u>	<u>\$13,327,670</u>	<u>\$1,835,120</u>	<u>\$26,247,449</u>

(Continued)

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2001
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$109,231	\$0	\$0	\$55,300
Accrued Wages and Benefits Payable	383,208	67,758	0	0
Compensated Absences Payable	2,313	0	0	0
Interfund Payable	0	36,984	0	205
Intergovernmental Payable	109,200	19,685	0	0
Deferred Revenue	576,616	150,668	156,863	3,362,056
Due to Students	0	0	0	0
Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	1,180,568	275,095	156,863	3,417,561
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	160,185	6,561	0	1,218
Reserved for Inventory	20,653	0	0	0
Reserved for Property Taxes	3,054	75	845	0
Reserved for Budget Stabilization	42,941	0	0	0
Reserved for Bus Purchases	81,198	0	0	0
Reserved for Textbooks	70,160	0	0	0
Unreserved:				
Designated	208,010	0	0	0
Undesignated	4,002,306	183,969	163,462	742,904
Total Fund Equity and Other Credits	4,588,507	190,605	164,307	744,122
Total Liabilities, Fund Equity and Other Credits	\$5,769,075	\$465,700	\$321,170	\$4,161,683

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$0	\$0	\$0	\$0	\$164,531
9,836	0	0	0	460,802
11,151	0	0	418,640	432,104
0	0	0	0	37,189
2,987	0	0	40,583	172,455
1,014	0	0	0	4,247,217
0	61,601	0	0	61,601
0	0	0	119,480	119,480
0	0	0	1,256,417	1,256,417
<u>24,988</u>	<u>61,601</u>	<u>0</u>	<u>1,835,120</u>	<u>6,951,796</u>
0	0	13,327,670	0	13,327,670
207,087	0	0	0	207,087
73,355	0	0	0	73,355
0	0	0	0	167,964
0	0	0	0	20,653
0	0	0	0	3,974
0	0	0	0	42,941
0	0	0	0	81,198
0	0	0	0	70,160
0	0	0	0	208,010
0	0	0	0	5,092,641
<u>280,442</u>	<u>0</u>	<u>13,327,670</u>	<u>0</u>	<u>19,295,653</u>
<u>\$305,430</u>	<u>\$61,601</u>	<u>\$13,327,670</u>	<u>\$1,835,120</u>	<u>\$26,247,449</u>

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SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
Revenues:					
Property Taxes	\$559,469	\$13,410	\$150,201	\$0	\$723,080
Intergovernmental	4,500,777	770,054	21,981	568,601	5,861,413
Interest	368,710	0	0	18,628	387,338
Extracurricular Activities	3,733	46,416	0	0	50,149
Gifts and Donations	0	5,381	0	0	5,381
Miscellaneous	27,420	3,529	0	0	30,949
Total Revenues	5,460,109	838,790	172,182	587,229	7,058,310
Expenditures:					
Current:					
Instruction					
Regular	2,190,769	295,808	0	43,864	2,530,441
Special	323,142	323,352	0	0	646,494
Vocational	101,090	0	0	0	101,090
Support Services					
Pupils	159,925	52,887	0	0	212,812
Instructional Staff	88,065	38,012	0	1,370	127,447
Board of Education	58,720	990	0	0	59,710
Administration	367,718	58,767	0	8,000	434,485
Fiscal	214,243	277	3,008	0	217,528
Operation and Maintenance of Plant	566,692	0	0	0	566,692
Pupil Transportation	700,873	0	0	0	700,873
Central	4,234	0	0	0	4,234
Extracurricular Activities	104,001	28,435	0	0	132,436
Capital Outlay	17	0	0	83,255	83,272
Debt Service					
Principal Retirement	0	0	103,728	0	103,728
Interest and Fiscal Charges	0	0	52,450	0	52,450
Total Expenditures	4,879,489	798,528	159,186	136,489	5,973,692
Excess of Revenues Over Expenditures	580,620	40,262	12,996	450,740	1,084,618
Other Financing Sources (Uses):					
Operating Transfers In	205	1,424	24,566	83,000	109,195
Operating Transfers Out	(25,990)	0	0	(83,205)	(109,195)
Total Other Financing Sources (Uses)	(25,785)	1,424	24,566	(205)	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	554,835	41,686	37,562	450,535	1,084,618
Fund Balances at Beginning of Year - (Restated, Note 22)	4,032,759	148,919	126,745	293,587	4,602,010
Increase in Reserve for Inventory	913	0	0	0	913
Fund Balances at End of Year	\$4,588,507	\$190,605	\$164,307	\$744,122	\$5,687,541

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$566,598	\$566,598	\$0	\$13,587	\$13,587	\$0
Intergovernmental	4,421,577	4,422,043	466	836,018	836,030	12
Interest	257,108	273,829	16,721	0	0	0
Extracurricular Activities	3,733	3,733	0	46,416	46,416	0
Gifts and Donations	0	0	0	5,381	5,381	0
Miscellaneous	27,420	27,420	0	3,529	3,529	0
Total Revenues	5,276,436	5,293,623	17,187	904,931	904,943	12
Expenditures:						
Current:						
Instruction						
Regular	2,244,106	2,244,106	0	294,415	294,415	0
Special	318,758	318,758	0	335,952	335,952	0
Vocational	100,246	100,246	0	0	0	0
Support Services						
Pupils	144,561	144,561	0	52,451	52,451	0
Instructional Staff	84,229	84,229	0	46,778	46,778	0
Board of Education	125,788	125,788	0	990	990	0
Administration	370,889	370,889	0	59,226	59,226	0
Fiscal	214,974	214,974	0	277	277	0
Operation and Maintenance of Plant	582,946	582,946	0	0	0	0
Pupil Transportation	754,964	754,964	0	0	0	0
Central	5,000	5,000	0	0	0	0
Extracurricular Activities	103,261	103,261	0	33,290	33,290	0
Capital Outlay	17	17	0	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	5,049,739	5,049,739	0	823,379	823,379	0
Excess of Revenues Over Expenditures	226,697	243,884	17,187	81,552	81,564	12
Other Financing Sources (Uses):						
Operating Transfers In	205	205	0	1,424	1,424	0
Advances In	80,532	80,532	0	36,984	36,984	0
Operating Transfers Out	(25,990)	(25,990)	0	0	0	0
Advances Out	(36,984)	(36,984)	0	(623)	(623)	0
Total Other Financing Sources (Uses)	17,763	17,763	0	37,785	37,785	0
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	244,460	261,647	17,187	119,337	119,349	12
Fund Balances at Beginning of Year	4,300,271	4,300,271	0	167,450	167,450	0
Prior Year Encumbrances Appropriated	167,200	167,200	0	21,599	21,599	0
Fund Balances at End of Year	\$4,711,931	\$4,729,118	\$17,187	\$308,386	\$308,398	\$12

(Continued)

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

Debt Service Fund			Capital Projects Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$152,169	\$152,169	\$0	\$0	\$0	\$0	\$732,354	\$732,354	\$0
21,851	21,981	130	568,601	568,601	0	5,848,047	5,848,655	608
0	0	0	14,412	16,999	2,587	271,520	290,828	19,308
0	0	0	0	0	0	50,149	50,149	0
0	0	0	0	0	0	5,381	5,381	0
0	0	0	0	0	0	30,949	30,949	0
<u>174,020</u>	<u>174,150</u>	<u>130</u>	<u>583,013</u>	<u>585,600</u>	<u>2,587</u>	<u>6,938,400</u>	<u>6,958,316</u>	<u>19,916</u>
0	0	0	45,082	45,082	0	2,583,603	2,583,603	0
0	0	0	0	0	0	654,710	654,710	0
0	0	0	0	0	0	100,246	100,246	0
0	0	0	0	0	0	197,012	197,012	0
0	0	0	1,370	1,370	0	132,377	132,377	0
0	0	0	0	0	0	126,778	126,778	0
0	0	0	8,000	8,000	0	438,115	438,115	0
3,008	3,008	0	0	0	0	218,259	218,259	0
0	0	0	0	0	0	582,946	582,946	0
0	0	0	0	0	0	754,964	754,964	0
0	0	0	0	0	0	5,000	5,000	0
0	0	0	0	0	0	136,551	136,551	0
0	0	0	34,857	34,857	0	34,874	34,874	0
103,728	103,728	0	0	0	0	103,728	103,728	0
52,450	52,450	0	0	0	0	52,450	52,450	0
<u>159,186</u>	<u>159,186</u>	<u>0</u>	<u>89,309</u>	<u>89,309</u>	<u>0</u>	<u>6,121,613</u>	<u>6,121,613</u>	<u>0</u>
14,834	14,964	130	493,704	496,291	2,587	816,787	836,703	19,916
24,566	24,566	0	83,000	83,000	0	109,195	109,195	0
0	0	0	0	0	0	117,516	117,516	0
0	0	0	(83,205)	(83,205)	0	(109,195)	(109,195)	0
0	0	0	(79,909)	(79,909)	0	(117,516)	(117,516)	0
<u>24,566</u>	<u>24,566</u>	<u>0</u>	<u>(80,114)</u>	<u>(80,114)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
39,400	39,530	130	413,590	416,177	2,587	816,787	836,703	19,916
123,932	123,932	0	365,701	365,701	0	4,957,354	4,957,354	0
0	0	0	8,000	8,000	0	196,799	196,799	0
<u>\$163,332</u>	<u>\$163,462</u>	<u>\$130</u>	<u>\$787,291</u>	<u>\$789,878</u>	<u>\$2,587</u>	<u>\$5,970,940</u>	<u>\$5,990,856</u>	<u>\$19,916</u>

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise
<u>Operating Revenues:</u>	
Sales	\$59,297
Total Operating Revenues	59,297
<u>Operating Expenses:</u>	
Salaries	76,222
Fringe Benefits	16,822
Purchased Services	1,317
Materials and Supplies	17,196
Cost of Sales	120,145
Depreciation	10,429
Total Operating Expenses	242,131
Operating Loss	(182,834)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	16,854
Interest	5,008
Federal and State Subsidies	192,245
Total Non-Operating Revenues	214,107
Net Income	31,273
Retained Earnings at Beginning of Year	42,082
Retained Earnings at End of Year	73,355
Contributed Capital at Beginning and End of Year	207,087
Total Fund Equity at End of Year	\$280,442

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$59,297	\$59,297	\$0
Interest	5,008	5,008	0
Federal and State Subsidies	192,245	192,245	0
Total Revenues	256,550	256,550	0
<u>Expenses</u>			
Salaries	75,631	75,631	0
Fringe Benefits	16,500	16,500	0
Purchased Services	1,537	1,537	0
Materials and Supplies	120,295	120,295	0
Total Expenses	213,963	213,963	0
Excess of Revenues Over Expenses	42,587	42,587	0
Fund Equity at Beginning of Year	165,567	165,567	0
Prior Year Encumbrances Appropriated	202	202	0
Fund Equity at End of Year	\$208,356	\$208,356	\$0

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

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2001

	<u>Proprietary Fund Type</u>
	<u>Enterprise</u>
<u>Increase in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$59,297
Cash Payments to Suppliers for Goods and Services	(121,612)
Cash Payments for Employee Services and Benefits	<u>(92,132)</u>
Net Cash Used for Operating Activities	<u>(154,447)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	192,245
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	<u>5,008</u>
Net Increase in Cash and Cash Equivalents	42,806
Cash and Cash Equivalents at Beginning of Year	<u>165,770</u>
Cash and Cash Equivalents at End of Year	<u><u>\$208,576</u></u>
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>	
Operating Loss	<u>(\$182,834)</u>
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>	
Depreciation	10,429
Donated Commodities Used During Year	16,854
<u>Changes in Assets and Liabilities:</u>	
Increase in Inventory Held for Resale	(326)
Decrease in Materials and Supplies Inventory	19
Decrease in Accrued Wages and Benefits Payable	(1,546)
Increase in Compensated Absences Payable	2,138
Increase in Intergovernmental Payable	<u>819</u>
Total Adjustments	<u>28,387</u>
Net Cash Used for Operating Activities	<u><u>(\$154,447)</u></u>

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 1 - Description of the School District and Reporting Entity

Symmes Valley Local School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 35 noncertified, 63 certificated full time teaching personnel and ten administrators who provide services to 950 students.

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes for the organization. The School District has no component units.

The School District participates in two organizations, one of which is defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are presented in Note 10 to the general purpose financial statements. These organizations are:

Jointly Governed Organization:

South Central Ohio Computer Association

Insurance Purchasing Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

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

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A. Basis Of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group 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.

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

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

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

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

Debt Service Funds Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

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

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

All proprietary funds and non-expendable 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 operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis is followed for the proprietary funds.

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in

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which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with the like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

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

C. Budgetary Data

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

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

Tax Budget Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Lawrence County Budget Commission for rate determination.

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Estimated Resources By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2001. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which is the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. The Board has delegated to the Treasurer the authority to allocate appropriations to the function and object levels. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Prior to June 30, the School District's Board passed an appropriation resolution which matched actual expenditures plus encumbrances for the fiscal year.

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

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds except the permanent improvement fund are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet.

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During fiscal year 2001, investments were limited to STAR Ohio.

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during fiscal year 2001. 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.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2001 amounted to \$368,710, which includes \$133,640 assigned from other School District funds.

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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

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

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The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable. Interest incurred during the construction of general fixed assets is also not capitalized. Infrastructure is valued at cost.

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

H. Short-term Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables."

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the school district's termination policy. The School District records a liability for accumulated unused sick leave for employees after 15 years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, 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 expendable available financial resources. In general, amounts paid after sixty days are considered not to have been paid with current available financial resources. Bonds, notes, and capital leases are recognized as a liability of the general long-term obligations account group until due.

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

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K. Interfund Transactions

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

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

L. Fund Balance Reserves and Designations

The School District reserves those portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. The School District also designates a portion of fund balance to indicate tentative plans for future financial resource uses that reflect managerial plans or intent. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, inventories of supplies and materials, property taxes, and budget stabilization. A fund designation has been established for budget stabilization monies that are in excess of refunds received by Bureau of Worker's Compensation.

M. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that are 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. There was no change in contributed capital during the fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials and for budget stabilization. See Note 19 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. Estimates

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

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P. Total Columns on General Purpose Financial Statements

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

Note 3 - Changes in Accounting Principles

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, “Accounting and Financial Reporting for Nonexchange Transactions”, and GASB Statement No. 36, “Recipient Reporting for Certain Shared Nonexchange Revenues”. The implementation of GASB Statements 33 and 36 had no effect on fund balance at June 30, 2001.

Note 4 - Accountability

The Title VI special revenue fund had a deficit fund balance of \$42,341 at June 30, 2001. The deficit in the special revenue fund was created by the application of generally accepted accounting principles. The General Fund is liable for any deficit in the special revenue fund and provides operating transfers when cash is required, not when accruals occur.

Note 5 - Budgetary Basis of Accounting

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$554,835	\$41,686	\$37,562	\$450,535
Revenue Accruals	(166,194)	66,153	1,968	(1,629)
Prepaid Items	29,577	0	0	0
Advance In	80,532	36,984	0	0
Unrecorded Cash	(292)	0	0	0
Expenditure Accruals	(7,565)	(18,292)	0	55,300
Advance Out	(36,984)	(623)	0	(79,909)
Encumbrances	(192,262)	(6,559)	0	(8,120)
Budget Basis	\$261,647	\$119,349	\$39,530	\$416,177

Net Income/Excess of Revenues and
Operating Transfers Over Expenses
Proprietary Fund Type

	Enterprise
GAAP Basis	\$31,273
Expense Accruals	1,450
Materials and Supplies Inventory	(19)
Inventory Held for Resale	(326)
Depreciation Expense	10,429
Encumbrances	(220)
Budget Basis	\$42,587

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits 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.

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

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

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$4,803,421 and the bank balance was \$4,860,294. Of the bank balance:

1. \$100,000 was covered by federal deposit insurance; and
2. \$4,760,294 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

	Carrying and Fair Value
STAROhio	\$1,664,845

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$6,468,266	\$0
STAROhio	(1,664,845)	1,664,845
GASB Statement 3	\$4,803,421	\$1,664,845

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Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) are for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2001 with real property taxes.

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$22,571,820	80%	\$23,032,680	80%
Public Utility Personal	5,246,460	19	5,363,242	19
Tangible Personal Property	230,900	1	286,828	1
Total	\$28,049,180	100%	\$28,682,750	100%

Tax rate per \$1,000 of assessed valuation	\$28.60	\$28.60
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The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$3,974 and is recognized as revenue. \$3,054 was available to the General Fund, \$845 was available to the Debt Service Fund, and \$75 was available to the Classroom Facilities Special Revenue Fund.

Note 8 - Receivables

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

Intergovernmental Receivables	Amounts
General Fund:	
SEEPP Grant	\$85,503
Special Revenue Funds:	
Title I Grant	72,659
Drug Free Schools Grant	2,697
Title VI-B Grant	56,738
Classroom Reduction Grant	4,567
Total Special Revenue Funds	136,661
Capital Projects Fund:	
Classroom Facilities	3,362,056
Total Intergovernmental Receivables	\$3,584,220

On November 7, 2000, the School District was awarded \$3,793,543 for renovations and additions to various school buildings within the School District under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State grants pay for a portion of the estimated project costs. As of the end of fiscal year 2001, the School District had received \$431,487 of the amount awarded under this program. The remaining amount of \$3,362,056 is recorded as a receivable and a deferred revenue on the balance sheet.

Note 9 - Fixed Assets

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Machinery and Equipment	\$227,040
Less: Accumulated Depreciation	(132,355)
Net Fixed Assets	\$94,685

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
 June 30, 2001

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

	Balance <u>6/30/00</u>	<u>Additions</u>	<u>Deductions</u>	Balance <u>6/30/01</u>
Land and Improvements	\$500,678	\$0	\$0	\$500,678
Buildings and Improvements	9,020,500	16,777	0	9,037,277
Furniture, Fixtures and Equipment	2,249,764	63,383	17,393	2,295,754
Vehicles	994,097	104,439	46,935	1,051,601
Textbooks	432,406	0	0	432,406
Infrastructure	9,954	0	0	9,954
Total General Fixed Assets	<u>\$13,207,399</u>	<u>\$184,599</u>	<u>\$64,328</u>	<u>\$13,327,670</u>

Note 10 - Jointly Governed Organization and Insurance Purchasing Pool

A. Jointly Governed Organization

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. Symmes Valley Local School District paid \$3,788 for services provided during fiscal year 2001. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

B. Insurance Purchasing Pool

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. 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, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2001, the School District contracted with Nationwide Insurance Company for property insurance in the amount of \$17,613,300.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Professional and general liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance and hold no deductible for comprehensive and \$100 deductible for collision. Automobile liability coverage is as follows: a) Bodily injury each person \$100,000, b) Bodily injury each accident \$300,000 and c) Property damage each accident \$100,000. Settled claims have not exceeded this commercial coverage in any of the past five years. There has not been a significant reduction in coverage from the prior year.

For fiscal year 2001, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$20,458, \$102,602, and \$96,912, respectively; 23.03 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$15,746 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.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established 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 for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$287,671, \$348,864, and \$329,676, respectively; 84.31 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$28,510 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$136,265 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3,419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 8.5 percent for fiscal year 2000.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$55,252.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. *Compensated Absences*

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators, who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 45 days for classified employees and 55 days for certified employees.

B. *Life Insurance and Health Care Benefits*

The School District provides life insurance and accidental death and dismemberment insurance to certified and administrative employees through Community National Assurance Company. The coverage amount is \$30,000 for certified employees and \$30,000 for classified employees. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$621.37 for family coverage and \$215.89 for single coverage and \$403.20 for two party coverage. The School District pays 90% of all three premiums.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Refunding Bonds 1998, Variable Interest	1,307,056	34,361	85,000	1,256,417
Energy Conservation Note 1999 4.5%	138,208	0	18,728	119,480
Compensated Absences	378,808	39,832	0	418,640
Intergovernmental Payable	41,032	40,583	41,032	40,583
Total General Long-Term Obligations	\$1,865,104	\$114,776	\$144,760	\$1,835,120

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

School Improvement General Obligation Refunding Bonds - On January 26, 1998, the School District issued \$1,408,900 in general obligation bonds with interest rates varying from 5.5 percent to 8.2446%. The bonds were sold at a premium of \$166,449. Proceeds were used to refund \$1,530,000 in outstanding 1990 school improvement general obligation bonds. \$1,540,865 (after premium, underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded bonds. These refunding bonds will be repaid from property taxes. Amounts remaining to be paid on the refunded bonds at June 30, 2001 is \$1,256,417.

The refunding bonds were issued for a twenty three year period with final maturity at October 1, 2013. The liability for the bonds is recorded in the General Long-Term Debt Account Group with annual principal and interest requirements retired from the debt service fund. Principal outstanding including the accretion at June 30, 2001 amounted to \$1,775,000.

The bond issue consists of serial and capital appreciation bonds. The capital appreciation bonds mature December 1, 2008 through 2013. These bonds were purchased at a discount at the time of issuance. At maturity all compound interest is paid and the bond holder receives the face value of the bond. However, since interest is technically earned and compounded semiannually, the value of the bond increases. Therefore, as the value increases, the accretion is reflected as principal. The maturity amount of the bonds is \$970,000. The accretion amount for fiscal year 2001 is \$34,361. The principal amount to be redeemed on December 1 each year is as follows:

<u>Date</u>	<u>Principal Amount to be Redeemed</u>
2008	\$155,000
2009	160,000
2010	160,000
2011	165,000
2012	165,000
2013	165,000
Total	<u><u>\$970,000</u></u>

The refunding bonds and note will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

Energy Conservation Notes - On December 1, 1999, Symmes Valley Local School District issued \$147,000 in unvoted notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372. The notes were issued for an eight year period with final maturity during fiscal year 2007. The bonds will be retired from the debt service fund.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

The School District's overall legal debt margin was \$2,744,910, with an unvoted debt margin of \$28,683 at June 30, 2001. Principal, including \$518,583 accretion for the capital appreciation bonds, and interest requirements to retire general obligation debt, outstanding at June 30, 2001 are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$90,000	\$41,800	\$131,800
2003	95,000	36,713	131,713
2004	105,000	31,213	136,213
2005	115,000	25,163	140,163
2006	120,000	18,700	138,700
2007-2011	755,000	233,025	988,025
20012-2014	495,000	276,787	771,787
Total	<u>\$1,775,000</u>	<u>\$663,401</u>	<u>\$1,944,266</u>

Principal and interest requirements to retire the energy conservation project note outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$17,942	\$4,977	\$22,919
2003	20,489	4,077	24,566
2004	21,422	3,144	24,566
2005	24,060	2,151	26,211
2006	23,444	1,122	24,566
2007	<u>12,123</u>	<u>160</u>	<u>12,283</u>
Total	<u>\$119,480</u>	<u>\$15,631</u>	<u>\$135,111</u>

Note 17 - Interfund Receivables/Payables

Interfund receivables and payables at June 30, 2001, consist of the following individual balances:

	Interfund Receivable	Interfund Payable
General Fund	\$37,189	\$0
Special Revenue Fund		
Title VI	0	36,984
Capital Project Fund		
Classroom Facilities	0	205
Total All Funds	<u>\$37,189</u>	<u>\$37,189</u>

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 18 - Contingencies

A. Grants

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

B. Litigation

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

Note 19 - Set-Aside Calculations and Fund Reserves

The School District is required by State statute to annually set aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Amended Substitute Senate Bill 345, the requirement for a school district to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside.

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

	<u>Budget Stabilization</u>	<u>Textbooks</u>	<u>Capital Acquisition</u>
Set-aside Cash Balance as of June 30, 2000	\$189,753	\$82,215	\$52,088
Current Year Set-aside Requirement	0	94,404	94,404
Reduction in Budget Stabilization Set-aside Based on Statutory Revision	(146,812)	0	0
Offsets	0	0	(157,600)
Qualifying Disbursements	0	(106,459)	0
Required Set-aside	<u>42,941</u>	<u>70,160</u>	<u>(11,108)</u>
Amount Set-aside by District	<u>\$42,941</u>	<u>\$70,160</u>	<u>\$0</u>

The School District has offsets during the fiscal year that reduced the capital improvement set-aside amounts below zero. The extra amount may be used to reduce the capital acquisition set-aside requirements in future fiscal years. The total reserve balance for the three set-asides at the end of the fiscal year was \$113,101.

Note 20 - School Funding Court Decision

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 20, 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 School 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.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2001

Note 21 - Contractual Commitments

The School District has entered into one contract for the design and building of new buildings and renovations to existing buildings in the School District. The outstanding construction commitment at June 30, 2001, in the Permanent Improvement Capital Projects Fund is as follows:

Project	Contract Amount	Amount Expended	Balance at 6/30/01
HEAT Total Facilities Solutions	\$49,327	\$0	\$49,327

Note 22 - Restatement of Beginning Balance

The fund balances were restated to reflect prior period adjustment for interfund receivable to the General Fund in the amount of \$80,737 and interfund payable in the Special Revenue fund in the amount of \$ 623 and Interfund payable in the amount of \$ 80,114 in the Capital Projects Fund.

	General Fund	Special Revenue Fund	Capital Projects Fund
Fund Balance Previously Reported	\$3,952,022	\$ 149,542	\$373,701
Prior Period Adjustment	<u>80,737</u>	<u>(623)</u>	<u>(80,114)</u>
Restated Fund Balance	<u>\$4,032,759</u>	<u>\$ 148,919</u>	<u>\$293,587</u>

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY
SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

<u>Federal Grantor/ Pass Through Grantor Program Title</u>	<u>Pass Through Entity Number</u>	<u>Federal CFDA Number</u>	<u>Receipts</u>	<u>Noncash Receipts</u>	<u>Disbursements</u>	<u>Noncash Disbursements</u>
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$16,711	\$	\$16,855
National School Breakfast Program	O5PU-00 & 05PU-01	10.553	61,245		61,245	
National School Lunch Program	LL-P1-00/01 LL-P4-00/01	10.555	<u>118,368</u>		<u>118,368</u>	
Total Nutrition Cluster			<u>179,613</u>	<u>16,711</u>	<u>179,613</u>	<u>16,855</u>
Total U.S. Department of Agriculture			179,613	16,711	179,613	16,855
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	C1S1-00 & C1S1-01	84.010	326,382		319,978	
Special Education Grants to States (IDEA Part B)	6BSF-00 6BSF-01	84.027	54,520		90,881	
Drug Free Schools Program	DR-S1/01	84.186	1,156			
Goals 2000	G2-S2 00/01	84.276	27,000		12,218	
Eisenhower Professional Development Grant	MS-S1 01	84.281	6,381			
Innovative Education Program Strategies	C2S1-00/01	84.298	9,519		4,997	
Class-Size Reduction Grant	CRS1-00/01	84.340	<u>59,121</u>		<u>53,896</u>	
Total U.S. Department of Education			<u>484,079</u>		<u>481,970</u>	
Total Federal Awards Receipts and Expenditures			<u>\$663,692</u>	<u>\$16,711</u>	<u>\$661,583</u>	<u>\$16,855</u>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had \$1,015 in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To The Board of Education:

We have audited the accompanying general purpose financial statements of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 20, 2001. We conducted our audit in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 20, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 on the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 20, 2001.

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

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

Jim Petro
Auditor of State

December 20, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street
Athens Mall Suite B
Athens, Ohio 45701
Telephone 740-594-3300
800-441-1389
Facsimile 740-594-2110
www.auditor.state.oh.us

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

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

To the Board of Education:

Compliance

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

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 20, 2001

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS AND QUESTIONED COST
OMB CIRCULAR A -133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grant - CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

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

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

None

3. FINDINGS FOR FEDERAL AWARDS

None.

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
2000-10744-001	Ohio Rev. Code §5705.41 (B) - Expenditures exceeded appropriations at the fund level and at the legal level of control in multiple funds.	No	Partially Corrected. A noncompliance citation was issued through the same Ohio Revised Code in the management letter. The amounts were not significant in the current period.



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

SYMMES VALLEY LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 22, 2002**