



**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY
REGULAR AUDIT
FOR THE YEARS ENDED JUNE 30, 2000 AND 1999**



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Upper Scioto Valley Local School District
Hardin County
510 Courtright Street
McGuffey, Ohio 45859

To the Board of Education:

We have audited the general-purpose financial statements of the Upper Scioto Valley Local School District (the District), Hardin County, as of and for the years ended June 30, 2000 and 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

The District did not record any additions or reductions to General Fixed Assets or any additions, reductions, or depreciation for Enterprise Fund assets for the fiscal years ended June 30, 2000 and 1999. All fixed asset balances reported on the financial statements are as of June 30, 1998.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had we been able to audit additions or reductions to General Fixed Assets and Enterprise Fund assets and depreciation for Enterprise Fund assets, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Upper Scioto Valley Local School District, Hardin County, as of June 30, 2000 and 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 3 to the 1999 general purpose financial statements, during fiscal year 1999, the District reclassified an Agency fund and two Special Revenue funds.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 26, 2002, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Jim Petro
Auditor of State

February 26, 2002

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UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

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

Account Description	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$1,158,619	\$124,834	\$81,149	\$2,647,466
Cash and Cash Equivalents with Fiscal Agent		547		
Investments				372,338
Receivables:				
Property Taxes	1,140,439		85,273	214
Income Taxes	89,816			
Accounts		327		
Intergovernmental	1,485	138,693		1,000
Interfund	76,662			
Accrued Interest	831			
Inventory Held for Resale				
Materials and Supplies Inventory				
Prepaid Items	30,392	1,322		
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	155,487			
Advances to Other Funds	11,000			
Fixed Assets (net, where applicable, of accumulated depreciation)				
Other Debits:				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Debt				
Amount to be Provided from General Governmental Resources				
Total Assets and Other Debits	<u>2,664,731</u>	<u>265,723</u>	<u>166,422</u>	<u>3,021,018</u>
Liabilities, Fund Equity, and Other Credits:				
Liabilities:				
Accounts Payable	13,663	1,455		51,393
Accrued Wages and Benefits	341,729	24,903		
Compensated Absences Payable	3,519			
Intergovernmental Payable	111,348	4,469		
Interfund Payable		74,465		
Deferred Revenue	1,072,189		84,302	214
Due to Students				
Payroll Withholdings				
Accrued Interest Payable	2,775			
Notes Payable				
Advances from Other Funds				
Capital Lease Payable				
Energy Conservation Notes Payable	135,000			
Total Liabilities	<u>1,680,223</u>	<u>105,292</u>	<u>84,302</u>	<u>51,607</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Retained Earnings				
Fund Balance:				
Reserved for Property Taxes	68,250		971	
Reserved for Capital Improvements	125,313			
Reserved for Budget Stabilization	30,174			
Reserved for Advances	11,000			
Reserved for Encumbrances	111,712	12,804		18,504
Unreserved	638,059	147,627	81,149	2,950,907
Total Fund Equity and Other Credits	<u>984,508</u>	<u>160,431</u>	<u>82,120</u>	<u>2,969,411</u>
Total Liabilities, Fund Equity, and Other Credits	<u>\$2,664,731</u>	<u>\$265,723</u>	<u>\$166,422</u>	<u>\$3,021,018</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$18,008	\$247,561			\$4,277,637
				547
				372,338
				1,225,926
				89,816
2,759				3,086
6,277				147,455
				76,662
				831
8,107				8,107
1,731				1,731
2,189				33,903
				155,487
				11,000
14,244		3,850,481		3,864,725
			82,120	82,120
			3,360,659	3,360,659
<u>53,315</u>	<u>247,561</u>	<u>3,850,481</u>	<u>3,442,779</u>	<u>13,712,030</u>
207				66,718
14,636				381,268
6,717			253,455	263,691
8,522			55,317	179,656
2,197				76,662
5,366				1,162,071
	35,606			35,606
	208,355			208,355
				2,775
			2,253,000	2,253,000
10,000	1,000			11,000
			881,007	881,007
				135,000
<u>47,645</u>	<u>244,961</u>		<u>3,442,779</u>	<u>5,656,809</u>
		3,850,481		3,850,481
5,670				5,670
				69,221
				125,313
				30,174
				11,000
				143,020
	2,600			3,820,342
<u>5,670</u>	<u>2,600</u>	<u>3,850,481</u>		<u>8,055,221</u>
<u>\$53,315</u>	<u>\$247,561</u>	<u>\$3,850,481</u>	<u>\$3,442,779</u>	<u>\$13,712,030</u>

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Property Taxes	\$1,120,783	\$11,933	\$82,120			\$1,214,836
Income Taxes	254,537					254,537
Intergovernmental	3,191,237	324,185		811,476		4,326,898
Interest	87,111			67,715		154,826
Tuition and Fees	3,326	8,312				11,638
Extracurricular Activities		83,064				83,064
Gifts and Donations		90			1,200	1,290
Rent	4,050			71,001		75,051
Miscellaneous	78,609	3,341				81,950
Total Revenues	<u>4,739,653</u>	<u>430,925</u>	<u>82,120</u>	<u>950,192</u>	<u>1,200</u>	<u>6,204,090</u>
Expenditures:						
Current:						
Instruction:						
Regular	1,699,989	11,394				1,711,383
Special	247,692	267,652				515,344
Vocational	162,913					162,913
Other	307,721					307,721
Support Services:						
Pupils	114,386	600			950	115,936
Instructional Staff	165,555	16,499				182,054
Board of Education	20,706					20,706
Administration	508,209					508,209
Fiscal	164,931					164,931
Operation and Maintenance of Plant	383,730			65,773		449,503
Pupil Transportation	270,110					270,110
Central	18,388	755				19,143
Extracurricular Activities	83,497	72,079				155,576
Capital Outlay	219,985			345,076		565,061
Debt Service:						
Principal Retirement	46,363					46,363
Interest and Fiscal Charges	40,181					40,181
Total Expenditures	<u>4,454,356</u>	<u>368,979</u>		<u>410,849</u>	<u>950</u>	<u>5,235,134</u>
Excess of Revenues Over Expenditures	<u>285,297</u>	<u>61,946</u>	<u>82,120</u>	<u>539,343</u>	<u>250</u>	<u>968,956</u>
Other Financing Sources:						
Proceeds of Notes				2,253,000		2,253,000
Inception of Capital Lease	219,985					219,985
Total Other Financing Sources	<u>219,985</u>			<u>2,253,000</u>		<u>2,472,985</u>
Excess of Revenues and Other Financing Sources Over/Under Expenditures	505,282	61,946	82,120	2,792,343	250	3,441,941
Fund Balances at Beginning of Year	479,226	98,485		177,068	2,350	757,129
Fund Balances End of Year	<u>\$984,508</u>	<u>\$160,431</u>	<u>\$82,120</u>	<u>\$2,969,411</u>	<u>\$2,600</u>	<u>\$4,199,070</u>

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

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UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR JUNE 30, 2000**

	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Property Taxes	\$977,801	\$1,120,006	\$142,205		\$11,933	\$11,933		\$81,149	\$81,149
Income Taxes	168,098	252,079	83,981						
Intergovernmental	2,992,092	3,195,378	203,286		148,313	148,313			
Interest	56,602	87,125	30,523						
Tuition and Fees	2,212	3,350	1,138		8,312	8,312			
Extracurricular Activities					83,028	83,028			
Gifts and Donations					90	90			
Rent	2,715	4,050	1,335						
Miscellaneous	46,130	88,695	42,565		360	360			
Total Revenues	<u>4,245,650</u>	<u>4,750,683</u>	<u>505,033</u>		<u>252,036</u>	<u>252,036</u>		<u>81,149</u>	<u>81,149</u>
Expenditures:									
Current:									
Instruction:									
Regular	1,969,233	1,689,890	279,343	2,171	10,119	(7,948)			
Special	275,936	250,206	25,730	3,119	192,770	(189,651)			
Vocational	187,571	168,917	18,654						
Other		315,704	(315,704)						
Support Services:									
Pupils	94,398	122,295	(27,897)						
Instructional Staff	138,767	170,953	(32,186)	91	16,458	(16,367)			
Board of Education	18,670	23,671	(5,001)						
Administration	469,039	526,640	(57,601)						
Fiscal	139,906	183,870	(43,964)						
Operation and Maintenance of Plant	476,061	420,375	55,686						
Pupil Transportation	312,065	312,742	(677)						
Central	48,300	18,388	29,912		755	(755)			
Non-Instructional Services	5,250		5,250						
Extracurricular Activities	75,810	83,063	(7,253)	7,974	86,485	(78,511)			
Capital Outlay		28,000	(28,000)						
Debt Service:									
Principal Retirement								50,000	(50,000)
Interest and Fiscal Charges								10,609	(10,609)
Total Expenditures	<u>4,211,006</u>	<u>4,314,714</u>	<u>(103,708)</u>	<u>13,355</u>	<u>306,587</u>	<u>(293,232)</u>		<u>60,609</u>	<u>(60,609)</u>
Excess of Revenues Over (Under) Expenditures	34,644	435,969	401,325	(13,355)	(54,551)	(41,196)		20,540	20,540
Other Financing Sources:									
Proceeds of Notes									
Other Financing Sources					4,165	4,165			
Total Other Financing Sources					<u>4,165</u>	<u>4,165</u>			
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	34,644	435,969	401,325	(13,355)	(50,386)	(37,031)		20,540	20,540
Fund Balances (Deficit) at Beginning of Year	739,308	739,308		72,993	72,993		(31,458)	(31,458)	
Prior Year Encumbrances Appropriated	194,225	194,225		13,355	13,355				
Fund Balances (Deficit) at End of Year	<u>\$968,177</u>	<u>\$1,369,502</u>	<u>\$401,325</u>	<u>\$72,993</u>	<u>\$35,962</u>	<u>(\$37,031)</u>	<u>(\$31,458)</u>	<u>(\$10,918)</u>	<u>\$20,540</u>

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

Capital Projects Funds			Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
						\$977,801	\$1,213,088	\$235,287
						168,098	252,079	83,981
	810,476	810,476				2,992,092	4,154,167	1,162,075
	55,392	55,392				56,602	142,517	85,915
						2,212	11,662	9,450
							83,028	83,028
				1,200	1,200		1,290	1,290
	71,001	71,001				2,715	75,051	72,336
						<u>46,130</u>	<u>89,055</u>	<u>42,925</u>
	<u>936,869</u>	<u>936,869</u>		<u>1,200</u>	<u>1,200</u>	<u>4,245,650</u>	<u>6,021,937</u>	<u>1,776,287</u>
						1,971,404	1,700,009	271,395
						279,055	442,976	(163,921)
	333	(333)				187,571	169,250	18,321
							315,704	(315,704)
				950	(950)	94,398	123,245	(28,847)
2,369	38,865	(36,496)				141,227	226,276	(85,049)
						18,670	23,671	(5,001)
						469,039	526,640	(57,601)
						139,906	183,870	(43,964)
8,000	65,463	(57,463)				484,061	485,838	(1,777)
						312,065	312,742	(677)
						48,300	19,143	29,157
						5,250		5,250
						83,784	169,548	(85,764)
	276,582	(276,582)					304,582	(304,582)
							50,000	(50,000)
							<u>10,609</u>	<u>(10,609)</u>
<u>10,369</u>	<u>381,243</u>	<u>(370,874)</u>		<u>950</u>	<u>(950)</u>	<u>4,234,730</u>	<u>5,064,103</u>	<u>(829,373)</u>
<u>(10,369)</u>	<u>555,626</u>	<u>565,995</u>		<u>250</u>	<u>250</u>	<u>10,920</u>	<u>957,834</u>	<u>946,914</u>
	2,253,000	2,253,000					2,253,000	2,253,000
							<u>4,165</u>	<u>4,165</u>
	<u>2,253,000</u>	<u>2,253,000</u>					<u>2,257,165</u>	<u>2,257,165</u>
(10,369)	2,808,626	2,818,995		250	250	10,920	3,214,999	3,204,079
166,699	166,699		2,350	2,350		949,892	949,892	
10,369	10,369					217,949	217,949	
<u>\$166,699</u>	<u>\$2,985,694</u>	<u>\$2,818,995</u>	<u>\$2,350</u>	<u>\$2,600</u>	<u>\$250</u>	<u>\$1,178,761</u>	<u>\$4,382,840</u>	<u>\$3,204,079</u>

UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

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

	<u>Enterprise Fund</u>
Operating Revenues:	
Sales	\$147,069
Operating Expenses:	
Salaries	74,975
Fringe Benefits	33,792
Purchased Services	225
Materials and Supplies	11,849
Cost of Sales	<u>111,436</u>
Total Operating Expenses	<u>232,277</u>
Operating Loss	<u>(85,208)</u>
Non-Operating Revenues:	
Federal Donated Commodities	18,924
Operating Grants	<u>59,483</u>
Total Non-Operating Revenues	<u>78,407</u>
Net Loss	(6,801)
Retained Earnings at Beginning of Year	<u>12,471</u>
Retained Earnings at End of Year	<u><u>\$5,670</u></u>

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales		\$148,103	\$148,103
Operating Grants		61,484	61,484
Total Revenues		209,587	209,587
Expenses:			
Salaries		72,402	(72,402)
Fringe Benefits		36,005	(36,005)
Purchased Services	225	225	
Materials and Supplies	14,264	113,092	(98,828)
Capital Outlay		4,049	(4,049)
Total Expenses	14,489	225,773	(211,284)
Excess of Revenues Under Expenses	(14,489)	(16,186)	(1,697)
Fund Balances at Beginning of Year	5,072	5,072	
Prior Year Encumbrances Appropriated	14,489	14,489	
Fund Balances at End of Year	\$5,072	\$3,375	(\$1,697)

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

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

Increase (Decrease) in Cash and Cash Equivalents	
Cash Flows from Operating Activities:	
Cash Received from Customers	\$148,103
Cash Payments for Salaries	(72,402)
Cash Payments for Fringe Benefits	(36,005)
Cash Payments for Goods and Services	<u>(104,930)</u>
Net Cash Used for Operating Activities	<u>(65,234)</u>
Cash Flows from Noncapital Financing Activities:	
Cash Received from Operating Grants	61,484
Cash Received from Advances In	<u>2,197</u>
Net Cash Provided by Noncapital Financing Activities	<u>63,681</u>
Net Decrease in Cash and Cash Equivalents	(1,553)
Cash and Cash Equivalents at Beginning of Year	<u>19,561</u>
Cash and Cash Equivalents at End of Year	<u><u>18,008</u></u>
Reconciliation of Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Operating Loss	(85,208)
Adjustments to Reconcile Operating Loss to Net	
<u>Cash Used for Operating Activities:</u>	
Donated Commodities Used During Year	18,924
Changes in Assets and Liabilities:	
Decrease in Accounts Receivable	1,034
Increase in Inventory Held for Resale	(426)
Decrease in Materials and Supplies Inventory	159
Decrease in Prepaid Items	60
Decrease in Accounts Payable	(77)
Increase in Accrued Wages and Benefits	326
Increase in Compensated Absences Payable	2,127
Decrease in Intergovernmental Payable	<u>(2,153)</u>
Net Cash Used for Operating Activities	<u><u>(\$65,234)</u></u>

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1929 through the consolidation of existing land areas and school districts. The School District serves an area of approximately ninety-five square miles. It is located in Auglaize, Hardin, and Logan Counties and includes all of the Village of McGuffey, all of Marion and Roundhead Townships, and portions of Cessna, Lynn, and McDonald Townships. The School District is the 534th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by thirty-eight classified employees, sixty-three certified teaching personnel, and four administrative employees who provide services to seven hundred ninety-five students and other community members. The School District currently operates three instructional buildings.

A. Reporting Entity:

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

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

The School District participates in five jointly-governed organizations and two insurance pools, and is associated with a related organization. These organizations are the West Central Ohio Special Education Regional Resource Center, Western Ohio Computer Organization, Ohio Hi-Point Joint Vocational School, Hardin County Schools Consortium Local Professional Development Committee, West Central Regional Professional Development Center, Hardin County School Employees' Health and Welfare Benefit Plan and Trust, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Alger Public Library. These organizations are presented in Notes 20, 21, and 22 to the general-purpose financial statements.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

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

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

3. 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. These include expendable trust, nonexpendable trust, and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The School District did not have any nonexpendable trust funds in fiscal year 2000. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 proprietary funds or trust funds.

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types and the expendable trust fund 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.

The enterprise funds are accounted for using 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. Operating statements of these funds 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 fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Title VI-B and Drug Free special revenue funds are flow-through grants in which the Hardin County Educational Service Center is the primary recipient. Budgetary information for these funds are not included within the School District's reporting entity for which the "appropriated budget" is adopted.

1. 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 Hardin County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 2000.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, no supplemental appropriation resolutions were legally enacted.

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds and funds held by the Hardin County Educational Service Center, consistent with statutory provisions.

4. 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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust fund and reported in the notes to the financial statements for the enterprise funds.

5. Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds 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 combined balance sheet.

Cash and cash equivalents held for the School District by the Hardin County Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent."

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 2000, investments included mutual funds, federal agency securities, and STAR Ohio. Investments are reported at fair value, which is based on current share price for mutual funds and quoted market price for federal agency securities. 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, 2000.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 2000 was \$87,111, which included \$12,403 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 an original maturity 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, and not purchased from the pool, are reported as investments.

E. Inventory

Inventory in the enterprise funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated and purchased food and is expensed when used.

F. Prepaid Items

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

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements and to create a reserve for budget stabilization.

H. Fixed Assets and Depreciation

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. In general, payments made more than sixty days after fiscal year end are not considered to have been paid using current available expendable resources. Notes and capital leases are reported as liabilities in the general long-term obligations account group until due.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Under Ohio law, a debt service fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, capital improvements, budget stabilization, advances, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

M. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

General Fund

- Promoting Health in Ohio

Special Revenue Funds

- Post Secondary Vocational Education
- Teacher Development
- Financial Literacy
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

- Ohio Reads
- Professional Development
- Title I
- Title VI
- Title VI-R
- Proficiency

Capital Projects Funds

- Emergency Building Repair
- Vocational Education Equipment
- SchoolNet
- Technology Equity
- Power Up

Reimbursable Grants

General Fund

- Driver Education

Enterprise Funds

- National School Lunch Program
- Government Donated Commodities

Grants and entitlements were 69 percent of the revenues of the School District's governmental fund types during the 2000 fiscal year.

N. 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.

O. Use of Estimates

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

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 or results of operations 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.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the Jennings Grant and Proficiency special revenue funds had deficit fund balances of \$418 and \$22, respectively. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

The Food Service enterprise fund had deficit retained earnings of \$4,890 at June 30, 2000, as a result of operating expenses exceeding revenues.

B. Compliance

The following accounts had expenditures/expenses plus encumbrances in excess of appropriations, which violated the requirements of Ohio Rev. Code Section 5705.41(B) for the fiscal year ended June 30, 2000.

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
General Fund			
Regular Instruction			
Materials and Supplies	\$115,971	\$117,239	\$1,268
Special Instruction			
Fringe Benefits	42,000	44,039	2,039
Other Instruction			
Purchased Services		315,704	315,704
Support Services - Pupils			
Salaries	66,150	91,548	25,398
Fringe Benefits	18,375	23,944	5,569
Materials and Supplies	3,215	3,519	304
Support Services - Instructional Staff			
Salaries	96,600	105,751	9,151
Fringe Benefits	32,025	51,374	19,349
Purchased Services		605	605
Materials and Supplies	5,732	11,567	5,835
Support Services - Board of Education			
Fringe Benefits	505	1,092	587
Purchased Services	2,415	2,590	175
Materials and Supplies	315	2,177	1,862
Other	10,395	13,012	2,617
Support Services - Administration			
Salaries	225,750	273,889	48,139
Capital Outlay - New		1,984	1,984
Other	42,000	79,334	37,334

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

Fund Type/Fund/Function/Object	Appropriations	Expenditures/ Expenses Plus Encumbrances	Excess
Support Services - Fiscal			
Salaries	\$49,875	\$71,218	\$21,343
Purchased Services	16,379	24,584	8,205
Materials and Supplies	6,977	10,140	3,163
Capital Outlay - Replacement		1,440	1,440
Other	47,250	64,323	17,073
Support Services - Operation and Maintenance of Plant			
Salaries	115,500	115,729	229
Materials and Supplies	39,126	41,578	2,452
Other		193	193
Support Services - Pupil Transportation			
Salaries	98,175	121,122	22,947
Fringe Benefits	44,625	52,099	7,474
Purchased Services	54,870	64,752	9,882
Materials and Supplies	25,404	33,432	8,028
Extracurricular Activities			
Salaries	5,250	9,993	4,743
Fringe Benefits	8,925	23,644	14,719
Capital Outlay			
Purchased Services		28,000	28,000
Special Revenue Funds			
Public School Support			
Extracurricular Activities			
Other	1,101	9,845	8,744
Jennings Grant			
Support Services - Instructional Staff			
Salaries		1,180	1,180
Materials and Supplies		3,403	3,403
Little River Preschool			
Regular Instruction			
Materials and Supplies	1,082	3,226	2,144

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Funds (continued)			
District Managed Student Activities			
Extracurricular Activities			
Purchased Services	\$1,804	\$31,362	\$29,558
Materials and Supplies	190	2,334	2,144
Capital Outlay - New	3,537	27,934	24,397
Other	1,342	15,010	13,668
Teacher Development			
Regular Instruction			
Salaries		1,500	1,500
Support Services - Instructional Staff			
Purchased Services		4,009	4,009
Professional Development			
Support Services - Central			
Purchased Services		754	754
Title I			
Regular Instruction			
Materials and Supplies	389	5,393	5,004
Special Instruction			
Salaries		152,635	152,635
Fringe Benefits		15,275	15,275
Materials and Supplies	3,119	22,739	19,620
Support Services - Instructional Staff			
Salaries		7,402	7,402
Title VI			
Special Instruction			
Salaries		2,119	2,119
Support Services - Instructional Staff			
Salaries		159	159
Capital Outlay - New		304	304

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
Debt Service Fund			
Bond Retirement			
Debt Service			
Principal Retirement	\$0	\$50,000	\$50,000
Interest and Fiscal Charges		10,609	10,609
Capital Projects Funds			
Permanent Improvement			
Support Services - Operation and Maintenance of Plant			
Purchased Services		63,863	63,863
Emergency Building Repair			
Capital Outlay			
Capital Outlay - New		184,360	184,360
Capital Outlay - Replacement		92,222	92,222
Vocational Education Equipment			
Vocational Instruction			
Capital Outlay - New		333	333
SchoolNet			
Support Services - Instructional Staff			
Capital Outlay - New	20	30,029	30,009
Technology Equity			
Support Services - Instructional Staff			
Capital Outlay - New	909	8,836	7,927
Expendable Trust Fund			
Support Services - Pupils			
Other		950	950
Enterprise Fund			
Food Service			
Salaries		72,402	72,402
Fringe Benefits		36,005	36,005
Materials and Supplies	2,145	97,321	95,176
Capital Outlay		4,049	4,049
Uniform School Supplies			
Materials and Supplies	12,119	15,771	3,652

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

The following funds had appropriations in excess of the estimated resources plus available balances, which violated Ohio Rev. Code Section 5705.39, for the fiscal year ended June 30, 2000:

<u>Fund Type/Fund</u>	<u>Estimated Resources Plus Available Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue			
Proficiency Fund	(\$22)	\$0	\$22
Debt Service			
Bond Retirement	(31,458)		31,458
Capital Projects			
Emergency Building Repair Fund	2,166	8,000	5,834

The following funds had deficit cash balances, which violated Ohio Rev. Code Section 5705.10, for the fiscal year ended June 30, 2000.

	<u>Amount</u>
Special Revenue Funds	
Preschool	\$418
Title 1	74,025
Other Federal Grants	22
Total Special Revenue Funds	<u>74,465</u>
Debt Retirement Fund	<u>10,918</u>
Enterprise Fund	
Food Service	<u>2,197</u>

The following funds had actual revenues in excess of estimated revenues, which violated Ohio Rev. Code Section 5705.36, for fiscal year ended June 30, 2000.

	<u>Amount</u>
Special Revenue Funds	
Title 1	\$116,878
Athletic	74,623
Total Special Revenue	191, 501
Debt Retirement Fund	81,149
Capital Projects - Emergency Building Repair	936,869
Expendable Trust	1,200

During the year ended June 30, 2000 the District did not certify all expenditures as required by Ohio Rev. Code Section 5705.41(D).

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Funds 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 the expendable trust fund and as note disclosure in the enterprise funds (GAAP basis).
4. Although not part of the appropriated budget, the Title VI-B and Drug Free special revenue funds are included as part of the reporting entity when preparing financial statements that conform with GAAP.
5. The School District repays notes from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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 All Governmental Fund Types				
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$505,282	\$61,946	\$82,120	\$2,792,343
<u>Increase (Decrease) Due To:</u>				
Revenue Accruals:				
Accrued FY 1999, Received in Cash FY 2000	177,412	21,281		
Accrued FY 2000, Not Yet Received in Cash	(160,382)	(139,020)	(971)	(1,000)
Expenditure Accruals:				
Accrued FY 1999, Paid in Cash FY 2000	(453,622)	(19,763)		
Accrued FY 2000, Not Yet Paid in Cash	473,034	30,827		51,393
Change in Investments				(12,323)
Prepaid Items	(3,031)	(769)		

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

Excess of Revenues and Other Financing Sources Over (Under) Expenditures All Governmental Fund Types (Continued)				
	General	Special Revenue	Debt Service	Capital Projects
Note Principal Retirement			(50,000)	
Note Interest	10,609		(10,609)	
Excess of Revenues Under Expenditures for Nonbudgeted Funds		9,519		
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(113,333)	(14,407)		(21,787)
Budget Basis	<u>\$435,969</u>	<u>(\$50,386)</u>	<u>\$20,540</u>	<u>\$2,808,626</u>

**Net Loss/Excess of Revenues Under Expenses
Enterprise Funds**

GAAP Basis	(\$6,801)
<u>Increase (Decrease) Due To:</u>	
Revenue Accruals:	
Accrued FY 1999, Received in Cash FY 2000	12,071
Accrued FY 2000, Not Yet Received in Cash	(9,036)
Expense Accruals:	
Accrued FY 1999, Paid in Cash FY 2000	(29,859)
Accrued FY 2000, Not Yet Paid in Cash	30,082
Inventory Held for Resale	(426)
Materials and Supplies Inventory	159
Prepaid Items	60
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(12,436)
Budget Basis	<u>(\$16,186)</u>

5. DEPOSITS AND INVESTMENTS

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current two year 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.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

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

At fiscal year end, the School District had \$815 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents". The School District had \$547 in cash and cash equivalents held by the Hardin County Educational Service Center which is included on the balance sheet as "Cash and Cash Equivalents with Fiscal Agent". The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

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

At fiscal year end, the carrying amount of the School District's deposits was \$2,166,863 and the bank balance was \$2,386,182. Of the bank balance, \$200,000 was covered by federal depository insurance and \$2,186,182 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered 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. Mutual Funds and STAR Ohio are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Federal National Mortgage Association Notes	\$1,485,900	\$1,485,900
Federal Home Loan Bank Notes	372,338	372,338
	\$1,858,238	1,858,238
Mutual Funds		458,441
STAR Ohio		321,105
Totals		\$2,637,784

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$4,806,009	\$0
Cash on Hand	(815)	
Cash with Hardin County Educational Service Center	(547)	
Investments:		
Federal National Mortgage Association Notes	(1,485,900)	1,485,900
Federal Home Loan Bank Notes	(372,338)	372,338
Mutual Funds	(458,441)	458,441
STAR Ohio	(321,105)	321,105
GASB Statement No. 3	<u>\$2,166,863</u>	<u>\$2,637,784</u>

6. PROPERTY TAXES

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

Property taxes include amounts levied against all real property, public utility property, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 2000 represent the collection of calendar year 1999 taxes. Real property taxes received in calendar year 2000 were levied after April 1, 1999, on the assessed values as of January 1, 1999, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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.

Public utility real and tangible personal property taxes received in calendar year 2000 were levied after April 1, 1999, on the assessed values as of December 31, 1998, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES (Continued)

Tangible personal property tax revenues received in calendar year 2000 (other than public utility property) represent the collection of calendar year 2000 taxes. Tangible personal property taxes were levied after April 1, 1999, on the value as of December 31, 1999. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$68,250 in the General Fund and \$971 in the Bond Retirement debt service fund. The amount available as an advance at June 30, 1999, was \$67,473 in the General Fund.

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$31,420,640	81.80%	\$39,135,140	84.96%
Industrial/Commercial	1,916,570	4.99	1,953,480	4.24
Public Utility	4,309,390	11.22	4,231,500	9.19
Tangible Personal	762,640	1.99	742,500	1.61
Total Assessed Value	<u>\$38,409,240</u>	<u>100.00%</u>	<u>\$46,062,620</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$34.50		\$34.50	

7. INCOME TAXES

The School District levies a voted tax of 0.5 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2000, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, the current year guarantee of federal funds, and the School District's policy on collecting student fees. Accounts receivable at June 30 were \$3,086.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Washington County ESC	\$75
Ohio Hi-Point JVS	1,410
Total General Fund	1,485
Special Revenue Fund	
Title I	138,693
Capital Projects Fund	
SchoolNet	1,000
Enterprise Fund	
Food Service	6,277
Total Intergovernmental Receivables	\$147,455

9. FIXED ASSETS

The School District did not record any additions, reductions, or depreciation for enterprise fund fixed assets for the fiscal year ended June 30, 2000 and 1999. The following amounts represent balances at June 30, 1998.

Furniture and Equipment	\$76,295
Less Accumulated Depreciation	(62,051)
Net Fixed Assets	\$14,244

The School District did not record any additions or reductions to general fixed assets for the fiscal years ended June 30, 2000 and 1999. The following amounts represent balances at June 30, 1998.

Asset Category	Balance at 6/30/1998
Buildings and Improvements	\$2,338,495
Furniture, Fixtures, and Equipment	1,195,532
Vehicles	316,454
Total	\$3,850,481

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. INTERFUND ASSETS/LIABILITIES

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable</u>		<u>Payable</u>	
	<u>Interfund</u>	<u>Advance to</u>	<u>Interfund</u>	<u>Advance from</u>
General Fund	\$76,662	\$11,000	\$0	\$0
Special Revenue Funds				
Jennings Grant			418	
Title I			74,025	
Proficiency			22	
Enterprise Fund				
Uniform School Supplies			2,197	10,000
Agency				
Student Activities				1,000
Total	<u>\$76,662</u>	<u>\$11,000</u>	<u>\$76,662</u>	<u>\$11,000</u>

11. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance Company for the following insurance coverage:

Building and Contents - Replacement Cost (\$500 deductible)	\$15,445,006
Musical Instruments (\$100 deductible)	66,402
Automobile Liability (\$250 deductible)	1,000,000
Theft and Disappearance	2,000
Commercial Umbrella	3,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in insurance coverage from the prior fiscal year.

The School District participates in the Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust), a public entity shared risk pool consisting of six local school districts, the Hardin County Educational Service Center, and the Ada Public Library. The School District pays monthly premiums to the Trust for employee medical, dental, vision, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. RISK MANAGEMENT (Continued)

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The Plan is intended to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the Plan. The workers' compensation experience of the participating members is calculated as one experience and a common premium rate is applied to all members in the Plan. Each member pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

12. DEFINED BENEFIT PENSION PLANS

A. 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 administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 2000. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$118,780, \$110,532, and \$192,665, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$19,803, is recorded as a liability within the respective funds.

B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 5.5 percent was the portion used to fund pension obligations for fiscal year 2000. For fiscal year 1999, 7.7 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$31,717, \$39,505, and \$41,702, respectively; 41 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. The unpaid contribution for fiscal year 2000, in the amount of \$18,730, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

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

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 classified 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2000, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$158,373 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000. For the fiscal 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 years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-five years of service credit, must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75 percent of the premium.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

13. POSTEMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$67,110 for fiscal year 2000.

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 annual health care expenses. Expenses for health care at June 30, 2000, 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.

14. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of two hundred ten days for classified employees and two hundred twenty-four days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of fifty-two days for classified employees and fifty-five days for certified employees.

B. Employee Insurance Benefits

The School District participates in the Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust), a public entity shared risk pool consisting of six school districts, the Hardin County Educational Service Center, and the Ada Public Library. The School District pays monthly premiums to the Trust for employee medical, dental, vision, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. NOTES PAYABLE

During fiscal year 1993, the School District issued \$435,000 in energy conservation notes for providing energy conservation measures for the School District. The notes were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity during fiscal year 2003. During fiscal year 2000, principal, in the amount of \$50,000, was retired from the General Fund. The outstanding balance at June 30, 2000, was \$135,000.

Principal and interest requirements to retire the notes at June 30, 2000, were as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2001	\$50,000	\$7,534	\$57,534
2002	55,000	4,459	59,459
2003	30,000	923	30,923
Total	<u>\$135,000</u>	<u>\$12,916</u>	<u>\$147,916</u>

16. CAPITAL LEASE - LESSEE DISCLOSURE

The School District has entered into capitalized leases for facilities and equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. New capital leases are reflected in the accounts "Capital Outlay" and "Inception of Capital Lease" in the funds which will be making the lease payments. Capital lease payments have been reclassified and are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$950,551. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 were \$46,363 in the governmental funds.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. CAPITAL LEASE - LESSEE DISCLOSURE (Continued)

Fiscal Year Ending June 30,	General Long-Term Obligations Account Group
2001	\$73,161
2002	73,159
2003	73,158
2004	130,000
2005	34,000
2006 - 2010	170,000
2011 - 2015	170,000
2016 - 2020	170,000
2021 - 2025	170,000
2026 - 2030	170,000
2031 - 2035	170,000
2036 - 2041	187,000
Total	1,590,478
Less Amount Representing Interest	(709,471)
Present Value of Net Minimum Lease Payments	\$881,007

17. LONG-TERM OBLIGATIONS

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

	Interest Rate	Balance at 6/30/1999	Additions	Reductions	Balance at 6/30/2000
Notes Payable	4.94%	\$	\$2,253,000	\$	\$2,253,000
<u>Other Long-Term Obligations</u>					
Compensated Absences Payable		237,260	16,195		253,455
Intergovernmental Payable		44,332	55,317	44,332	55,317
Capital Lease Payable		707,385	219,985	46,363	881,007
Total Other Long-Term Obligations		988,977	291,497	90,695	1,189,779
Total General Long-Term Obligations		\$988,977	\$2,544,497	\$90,695	\$3,442,779

Notes Payable - On December 23, 1999, the School District issued unvoted general obligation notes, in the amount of \$2,253,000, for the construction of a new school facility. The notes have an interest rate of 4.94 percent and mature on July 26, 2000.

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. The capital lease will be paid from the General Fund.

The School District's overall debt margin was \$1,974,756 with an unvoted debt margin of \$46,063 at June 30, 2000.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. SET ASIDE REQUIREMENTS

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 the end of the fiscal year or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. In addition, the School District is required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 2000.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 1999	\$0	\$44,078	\$51,816
Current Year Set Aside Requirement	91,039	91,039	
Current Year Offsets			(21,642)
Qualifying Expenditures	<u>(129,113)</u>	<u>(9,804)</u>	
Amount Carried Forward to Fiscal Year 2001	<u>(38,074)</u>	<u>125,313</u>	<u>30,174</u>
Set Aside Reserve Balance June 30, 2000	<u>\$0</u>	<u>\$125,313</u>	<u>\$30,174</u>

The School District had qualifying expenditures during the fiscal year that reduced the textbooks set aside amount below zero. This amount may be used to reduce the set aside requirement in future fiscal years. The total reserve balance for set asides at the end of the fiscal year was \$155,487.

19. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$129,099	\$17,970	\$147,069
Operating Income (Loss)	(88,612)	3,404	(85,208)
Federal Donated Commodities	18,924		18,924
Operating Grants	59,483		59,483
Net Income (Loss)	(10,205)	3,404	(6,801)
Net Working Capital	(12,417)	20,560	8,143
Total Assets	32,549	20,766	53,315
Total Equity	(4,890)	10,560	5,670
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	11,308	1,128	12,436

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS

A. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly-governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting Krista Hart, Hardin County Educational Service Center, One Court House Square, Suite 50, Kenton, Ohio 43326-2385.

B. Western Ohio Computer Organization

The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consists of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. Financial information can be obtained from Larry Wilberding, who serves as Director, 129 East Court Street, Sidney, Ohio 45365.

C. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

D. Hardin County Schools Consortium Local Professional Development Committee

The Hardin County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The LPDC is governed by a fifteen-member Executive Board. Financial information can be obtained from Krista Hart, Hardin County Educational Service Center, One Courthouse Square, Suite 50, Kenton, Ohio 43326.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. JOINTLY GOVERNED ORGANIZATIONS (Continued)

E. West Central Regional Professional Development Center

The West Central Regional Professional Development Center (the Center) is a jointly-governed organization among the school districts in Allen, Auglaize, Hancock, Hardin, Mercer, Paulding, Putnam, and Van Wert Counties. The organization was formed to establish an articulated regional structure for professional development in which school districts, the business community, higher education, and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improvements in instructional programs.

The Center is governed by a fifty-two member board made up representatives from the participating school districts, the business community, and two institutions of higher learning. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained from Brad Browne, Hancock County Educational Service Center, 7746 County Road 140, Findlay, Ohio 45840.

21. INSURANCE POOLS

A. Hardin County School Employees' Health and Welfare Benefit Plan and Trust

The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six school districts, the Hardin County Educational Service Center, and the Ada Public Library. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who serves as Director, 9525 T.R. 50, Dola, Ohio 45835.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

22. RELATED ORGANIZATION

Alger Public Library

The Alger Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Upper Scioto Valley Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Alger Public Library, 100 West Wagoner Street, Alger, Ohio 45812.

23. STATE SCHOOL FUNDING DECISION

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

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution was 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 will result in an increase in State funding for most Ohio school districts. However, as of February 1, 2002, 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 Supreme 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.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

24. SUBSEQUENT EVENTS

On July 19, 2000, the School District issued \$2,253,000 in general obligation notes to retire notes previously issued. The notes matured on December 27, 2000, and had an interest rate of 5.65 percent.

On December 14, 2000, the School District issued \$2,253,000 in general obligation notes to retire notes previously issued. The notes matured on June 6, 2001, and had an interest rate of 5.47 percent.

On June 7, 2001, the School District issued \$2,253,000 in general obligation notes to retire the notes previously issued. These notes will mature on June 6, 2002, and have an interest rate of 3.52 percent.

25. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

There are currently no matters in litigation with the School District as defendant.

C. Liability

The District has been assessed interest and penalties, by the Internal Revenue Service, for the late remittance of federal taxes during fiscal years 1999 and 2000. Initially, the total interest and penalties assessed were \$151,488, however, \$127,957 has been abated which leaves a remaining liability of \$23,531. This remaining liability may be subject to further interest and penalties as determined by the Internal Revenue Service. As of the date of these financial statements the School District does not know the exact amount of the final liability.

UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

Account Description	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$806,159	\$86,370	\$177,068
Cash and Cash Equivalents with Fiscal Agent		10,066	
Investments			
Receivables:			
Property Taxes	1,002,635		
Income Taxes	87,358		
Accounts	9,610	291	
Intergovernmental	12,126	20,990	
Interfund	22		
Accrued Interest	845		
Inventory Held for Resale			
Materials and Supplies Inventory			
Prepaid Items	27,361	553	
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	95,894		
Advances to Other Funds	11,000		
Fixed Assets (net, where applicable, of accumulated depreciation)			
Other Debits:			
Amount Available in Debt Service			
Fund for Retirement of General Obligation Debt			
Amount to be Provided from General Governmental Resources			
Total Assets and Other Debits	2,053,010	118,270	177,068
Liabilities, Fund Equity, and Other Credits:			
Liabilities:			
Accounts Payable	30,967	1,693	
Accrued Wages and Benefits	334,717	14,560	
Compensated Absences Payable			
Intergovernmental Payable	87,938	3,510	
Interfund Payable		22	
Deferred Revenue	935,162		
Due to Students			
Payroll Withholdings			
Advances from Other Funds			
Capital Lease Payable			
Energy Conservation Notes Payable	185,000		
Total Liabilities	1,573,784	19,785	
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Retained Earnings			
Fund Balance:			
Reserved for Property Taxes	67,473		
Reserved for Capital Improvements	44,078		
Reserved for Budget Stabilization	51,816		
Reserved for Advances	11,000		
Reserved for Encumbrances	180,844	10,656	10,369
Unreserved	124,015	87,829	166,699
Total Fund Equity and Other Credits	479,226	98,485	177,068
Total Liabilities, Fund Equity, and Other Credits	\$2,053,010	\$118,270	\$177,068

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$19,561	\$46,495			\$1,135,653 10,066
				1,002,635
				87,358
3,793				13,694
8,278				41,394
				22
				845
8,449				8,449
1,890				1,890
2,249				30,163
				95,894
				11,000
14,244		3,850,481		3,864,725
			988,977	988,977
<u>58,464</u>	<u>46,495</u>	<u>3,850,481</u>	<u>988,977</u>	<u>7,292,765</u>
				32,944
284				363,587
14,310				241,850
4,590			237,260	146,455
10,675			44,332	22
				941,296
6,134				33,328
	33,328			9,817
	9,817			11,000
10,000	1,000			707,385
			707,385	185,000
<u>45,993</u>	<u>44,145</u>		<u>988,977</u>	<u>2,672,684</u>
		3,850,481		3,850,481
12,471				12,471
				67,473
				44,078
				51,816
				11,000
				201,869
	2,350			380,893
<u>12,471</u>	<u>2,350</u>	<u>3,850,481</u>		<u>4,620,081</u>
<u>\$58,464</u>	<u>\$46,495</u>	<u>\$3,850,481</u>	<u>\$988,977</u>	<u>\$7,292,765</u>

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

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

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	
Revenues:					
Property Taxes	\$975,258				\$975,258
Income Taxes	233,300				233,300
Intergovernmental	2,999,010	255,242	482,123		3,736,375
Interest	65,239				65,239
Tuition and Fees	2,412	5,828			8,240
Extracurricular Activities		73,868			73,868
Gifts and Donations	6,000			2,925	8,925
Rent	3,320		67,624		70,944
Miscellaneous	38,134	830			38,964
Total Revenues	4,322,673	335,768	549,747	2,925	5,211,113
Expenditures:					
Current:					
Instruction:					
Regular	1,847,029	12,883			1,859,912
Special	227,646	151,317			378,963
Vocational	175,671				175,671
Other	36,960				36,960
Support Services:					
Pupils	112,558	4,352		2,350	119,260
Instructional Staff	142,463	6,034			148,497
Board of Education	108,189				108,189
Administration	421,226				421,226
Fiscal	149,942				149,942
Operation and Maintenance of Plant	474,243		397,667		871,910
Pupil Transportation	248,707				248,707
Central	16,434				16,434
Non-Instructional Services	670				670
Extracurricular Activities	71,326	77,606			148,932
Capital Outlay			52,832		52,832
Debt Service:					
Principal Retirement	8,874				8,874
Interest and Fiscal Charges	40,843				40,843
Total Expenditures	4,082,781	252,192	450,499	2,350	4,787,822
Excess of Revenues Over Expenditures	239,892	83,576	99,248	575	423,291
Fund Balances at Beginning of Year					
- Restated (Note 3)	239,334	14,909	77,820	1,775	333,838
Fund Balances End of Year	\$479,226	\$98,485	\$177,068	\$2,350	\$757,129

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

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UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

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

	General Fund			Special Revenue Funds			Debt Service Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:									
Property Taxes	\$1,110,370	\$1,000,606	(\$109,764)						
Income Taxes	220,000	235,212	15,212						
Intergovernmental	2,960,511	2,994,869	34,358	287,475	227,220	(60,255)			
Interest	50,000	65,091	15,091						
Tuition and Fees	3,000	5,150	2,150	3,000	5,828	2,828			
Extracurricular Activities				60,500	73,997	13,497			
Gifts and Donations									
Rent									
Miscellaneous	15,000	25,176	10,176						
Total Revenues	4,358,881	4,326,104	(32,777)	350,975	307,045	(43,930)			
Expenditures:									
Current:									
Instruction:									
Regular	1,685,317	1,914,797	(229,480)	16,826	15,054	1,772			
Special	269,594	251,762	17,832	199,197	122,136	77,061			
Vocational	172,786	178,283	(5,497)						
Other	25,000	37,605	(12,605)						
Support Services:									
Pupils	97,285	109,913	(12,628)	500	4,352	(3,852)			
Instructional Staff	148,864	139,358	9,506	872	6,210	(5,338)			
Board of Education	15,275	108,023	(92,748)						
Administration	553,335	438,329	115,006						
Fiscal	147,681	170,331	(22,650)						
Operation and Maintenance of Plant	380,245	517,155	(136,910)						
Pupil Transportation	250,644	249,820	824						
Central	16,300	16,434	(134)						
Non-Instructional Services	62	729	(667)						
Extracurricular Activities	94,194	71,368	22,826	62,666	85,811	(23,145)			
Capital Outlay	28,000	28,000							
Debt Service:									
Principal Retirement							45,000	45,000	
Interest and Fiscal Charges							13,531	13,531	
Total Expenditures	3,884,582	4,231,907	(347,325)	280,061	233,563	46,498	58,531	58,531	
Excess of Revenues									
Over (Under) Expenditures	474,299	94,197	(380,102)	70,914	73,482	2,568	(58,531)	(58,531)	
Other Financing Sources (Uses):									
Other Financing Sources					830	830			
Advances In									
Advances Out	(5,000)		5,000						
Operating Transfers In							58,531	27,073	(31,458)
Operating Transfers Out	(58,531)	(27,073)	31,458						
Total Other Financing Sources (Uses)	(63,531)	(27,073)	36,458		830	830	58,531	27,073	(31,458)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses									
	410,768	67,124	(343,644)	70,914	74,312	3,398		(31,458)	(31,458)
Fund Balances (Deficit) at Beginning of Year	630,382	630,382		(6,774)	(6,774)				
Prior Year Encumbrances Appropriated	41,802	41,802		5,455	5,455				
Fund Balances (Deficit) at End of Year	\$1,082,952	\$739,308	(\$343,644)	\$69,595	\$72,993	\$3,398	\$0	(\$31,458)	(\$31,458)

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

Capital Projects Funds			Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
						\$1,110,370	\$1,000,606	(\$109,764)
						220,000	235,212	15,212
495,929	506,123	10,194				3,743,915	3,728,212	(15,703)
						50,000	65,091	15,091
						6,000	10,978	4,978
						60,500	73,997	13,497
			2,175	2,925	750	2,175	2,925	750
67,624	67,624					67,624	67,624	
						15,000	25,176	10,176
563,553	573,747	10,194	2,175	2,925	750	5,275,584	5,209,821	(65,763)
						1,702,143	1,929,851	(227,708)
						468,791	373,898	94,893
						172,786	178,283	(5,497)
						25,000	37,605	(12,605)
			3,950	2,350	1,600	101,735	116,615	(14,880)
84,814	55,201	29,613				234,550	200,769	33,781
						15,275	108,023	(92,748)
						553,335	438,329	115,006
						147,681	170,331	(22,650)
557,384	434,667	122,717				937,629	951,822	(14,193)
						250,644	249,820	824
						16,300	16,434	(134)
						62	729	(667)
						156,860	157,179	(319)
						28,000	28,000	
						45,000	45,000	
						13,531	13,531	
642,198	489,868	152,330	3,950	2,350	1,600	4,869,322	5,016,219	(146,897)
(78,645)	83,879	162,524	(1,775)	575	2,350	406,262	193,602	(212,660)
							830	830
						(5,000)		5,000
						58,531	27,073	(31,458)
						(58,531)	(27,073)	31,458
						(5,000)	830	5,830
(78,645)	83,879	162,524	(1,775)	575	2,350	401,262	194,432	(206,830)
77,820	77,820		1,775	1,775		703,203	703,203	
5,000	5,000					52,257	52,257	
\$4,175	\$166,699	\$162,524		\$2,350	\$2,350	\$1,156,722	\$949,892	(\$206,830)

UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Enterprise Fund</u>
Operating Revenues:	
Sales	<u>\$148,363</u>
Operating Expenses:	
Salaries	69,942
Fringe Benefits	35,473
Purchased Services	482
Materials and Supplies	8,890
Cost of Sales	<u>108,420</u>
Total Operating Expenses	<u>223,207</u>
Operating Loss	<u>(74,844)</u>
Non-Operating Revenues:	
Federal Donated Commodities	18,152
Operating Grants	<u>63,694</u>
Total Non-Operating Revenues	<u>81,846</u>
Net Income	7,002
Retained Earnings at Beginning of Year	<u>5,469</u>
Retained Earnings at End of Year	<u><u>\$12,471</u></u>

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
PROPRIETARY FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$148,800	\$146,739	(\$2,061)
Operating Grants	69,900	55,416	(14,484)
Total Revenues	218,700	202,155	(16,545)
Expenses:			
Salaries	72,000	68,706	3,294
Fringe Benefits	34,490	34,443	47
Purchased Services	1,227	707	520
Materials and Supplies	113,185	110,704	2,481
Capital Outlay	3,150	2,869	281
Total Expenses	224,052	217,429	6,623
Excess of Revenues Under Expenses	(5,352)	(15,274)	(9,922)
Fund Balances at Beginning of Year	18,670	18,670	
Prior Year Encumbrances Appropriated	1,676	1,676	
Fund Balances at End of Year	\$14,994	\$5,072	(\$9,922)

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

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

Increase (Decrease) in Cash and Cash Equivalents

Cash Flows from Operating Activities:

Cash Received from Customers	\$146,739
Cash Payments for Salaries	(68,706)
Cash Payments for Fringe Benefits	(34,443)
Cash Payments to Suppliers for Goods and Services	<u>(99,791)</u>
Net Cash Used for Operating Activities	<u>(56,201)</u>

Cash Flows from Noncapital Financing Activities:

Cash Received from Operating Grants	<u>55,416</u>
-------------------------------------	---------------

Net Decrease in Cash and Cash Equivalents (785)

Cash and Cash Equivalents at Beginning of Year 20,346

Cash and Cash Equivalents at End of Year 19,561

Reconciliation of Operating Loss to Net

Cash Used for Operating Activities:

Operating Loss (74,844)

Adjustments to Reconcile Operating Loss to Net

Cash Used for Operating Activities:

Donated Commodities Used During Year	18,152
Changes in Assets and Liabilities:	
Increase in Accounts Receivable	(1,624)
Decrease in Inventory Held for Resale	420
Increase in Materials and Supplies Inventory	(415)
Increase in Prepaid Items	(77)
Decrease in Accounts Payable	(156)
Increase in Accrued Wages and Benefits	1,032
Increase in Compensated Absences Payable	358
Increase in Intergovernmental Payable	<u>953</u>

Net Cash Used for Operating Activities (\$56,201)

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1929 through the consolidation of existing land areas and school districts. The School District serves an area of approximately ninety-five square miles. It is located in Auglaize, Hardin, and Logan Counties and includes all of the Village of McGuffey, all of Marion and Roundhead Townships, and portions of Cessna, Lynn, and McDonald Townships. The School District is the 536th largest in the State of Ohio (among 611 school districts) in terms of enrollment. It is staffed by thirty-seven classified employees, fifty-eight certified teaching personnel, and three administrative employees who provide services to seven hundred ninety-two students and other community members. The School District currently operates three instructional buildings.

A. Reporting Entity:

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

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

The School District is associated with four jointly-governed organizations, two insurance pools, and a related organization. These organizations are the West Central Ohio Special Education Regional Resource Center, Western Ohio Computer Organization, Ohio Hi-Point Joint Vocational School, Hardin County Schools Consortium Local Professional Development Committee, Hardin County School Employees' Health and Welfare Benefit Plan and Trust, Ohio School Boards Association Workers' Compensation Group Rating Plan, and Alger Public Library. These organizations are presented in Notes 21, 22, and 23 to the general purpose financial statements.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

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

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

3. 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 are an expendable trust fund and agency funds. The expendable trust fund is accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

4. Account Groups:

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the School District, except those accounted for in proprietary funds or trust funds.

General Long-Term Obligations Account Group

This account group is established to account for all long-term obligations of the School District, except those accounted for in proprietary funds or trust funds.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the expendable trust fund 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.

The enterprise funds are accounted for using 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. Operating statements of these funds 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 fund types, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined, and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

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

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

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

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

The Title VI-B special revenue fund is a flow-through grant in which the Hardin County Educational Service Center is the primary recipient. Budgetary information for this fund is not included within the School District's reporting entity for which the "appropriated budget" is adopted.

1. 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 Hardin County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates, as determined by the County Budget Commission, and receives the commission's certificate of estimated resources, which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing fiscal 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 of estimated resources is amended to include any unencumbered cash balances from the preceding fiscal year. The certificate of estimated resources 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 of estimated resources issued during fiscal year 1999.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

3. 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 are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions must be approved by the Board of Education.

The Board may pass supplemental fund appropriations as long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, no supplemental appropriation resolutions were legally enacted.

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

4. 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. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental fund types and the expendable trust fund and reported in the notes to the financial statements for enterprise funds.

5. Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, cash received by the School District is pooled. Monies for all funds 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" and "Restricted Assets: Equity in Pooled Cash and Cash Equivalents" on the combined balance sheet.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Cash and cash equivalents held for the School District by the Hardin County Educational Service Center are included on the combined balance sheet as "Cash and Cash Equivalents with Fiscal Agent".

During fiscal year 1999, investments were limited to STAR Ohio. 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, 1999.

The School District allocates interest according to State statutes. Interest revenue credited to the General Fund during fiscal year 1999 was \$65,239, which included approximately \$14,415 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, and those not purchased from the pool, are reported as investments.

E. Inventory

Inventory in the enterprise funds is stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventory consists of donated and purchased food and is expensed when used.

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expenditure/expense is recorded in the year in which services are consumed.

G. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represent amounts required by State statute to be set aside for the acquisition and construction of capital improvements and to create a reserve for budget stabilization.

H. Fixed Assets and Depreciation

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

I. Interfund Assets/Liabilities

Short-term interfund loans are classified as "Interfund Receivables/Payables". Long-term interfund loans are classified as "Advances to/from Other Funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

J. Compensated Absences

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

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

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as liabilities in the general long-term obligations account group to the extent that they will not be paid with current available expendable resources. Payments made more than sixty days after fiscal year end are considered not to have used current available expendable resources. The capital lease is reported as a liability in the general long-term obligations account group until due.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Under Ohio law, a debt service fund may be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require reporting the liability in the fund that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

L. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and, therefore, are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for property taxes, capital improvements, budget stabilization, advances, and encumbrances.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents monies required to be set aside by State statute to protect against cyclical changes in revenues and expenditures.

M. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

General Fund

- Promoting Health in Ohio

Special Revenue Funds

- Post Secondary Vocational Education
- Teacher Professional Development
- Financial Literacy
- Education Management Information Systems
- Disadvantaged Pupil Impact Aid

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants (Continued)

Special Revenue Funds (Continued)

Professional Development
Title I
Title VI
Title VI-B
Proficiency

Capital Projects Funds

Emergency Building Repair
Vocational Education Equipment
SchoolNet
Technology Equity
Power Up

Reimbursable Grants

General Fund

Driver Education
Telecom E-Rate
National School Lunch Program
Government Donated Commodities

Grants and entitlements were 72 percent of the revenues of the School District's governmental fund types during the 1999 fiscal year.

N. 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.

O. Use of Estimates

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

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 or results of operations 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.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

3. CORRECTION OF PRIOR YEAR ERROR

In prior years, the School District recorded the energy conservation notes in the general long-term obligations account group. This correction reduced the general long-term obligations account group by \$230,000, from \$1,252,795 to \$1,022,795.

In addition, the Little River Preschool fund was reclassified from an agency fund to a special revenue fund based on additional information received from the Hardin County Educational Service Center. It was also determined that two funds within the Special Revenue Special Trust Fund should be recorded within the Expendable Trust Fund type.

The effect of these corrections on the excess of revenues over (under) expenditures for the prior year is as follows:

	General	Special Revenue	Expendable Trust
Excess of Revenues Over (Under) Expenditures, for the fiscal year ended June 30, 1998	\$257,488	(\$66,359)	\$0
Energy Conservation Notes	40,000		
Little River Preschool		1,417	
Expendable Trust		1,275	(1,275)
Restated Excess of Revenues Over (Under) Expenditures, for the fiscal year ended June 30, 1998	<u>\$297,488</u>	<u>(\$63,667)</u>	<u>(\$1,275)</u>

The corrections had the following effects on fund balance as it was previously reported as of June 30, 1998.

	General	Special Revenue	Expendable Trust
Fund Balance June 30, 1998	\$469,334	(\$2,360)	\$0
Energy Conservation Notes	(230,000)		
Little River Preschool		19,044	
Expendable Trust		(1,775)	1,775
Restated Fund Balance July 1, 1998	<u>\$239,334</u>	<u>\$14,909</u>	<u>\$1,775</u>

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

The Proficiency special revenue fund had a deficit fund balance of \$22 at June 30, 1999, which was created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

B. Compliance

The following accounts had expenditures/expenses plus encumbrances in excess of appropriations, which violated Ohio Rev. Code Section 5705.41(B), for the fiscal year ended June 30, 1999.

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
General Fund			
Regular Instruction			
Fringe Benefits	\$290,502	\$318,115	\$27,613
Purchased Services	6,065	178,178	172,113
Materials and Supplies	86,143	125,474	39,331
Capital Outlay - New	11,507	20,723	9,216
Special Instruction			
Fringe Benefits	24,094	53,424	29,330
Materials and Supplies	2,500	3,950	1,450
Vocational Instruction			
Salaries	132,675	133,342	667
Materials and Supplies	7,895	15,081	7,186
Other Instruction			
Purchased Services	25,000	37,605	12,605
Support Services - Pupils			
Salaries	58,000	83,321	25,321
Support Services - Instructional Staff			
Salaries	98,500	101,642	3,142
Support Services - Board of Education			
Fringe Benefits	450	955	505
Purchased Services		2,965	2,965
Materials and Supplies	4,025	94,394	90,369
Support Services - Administration			
Salaries	224,650	236,521	11,871
Purchased Services	60,300	91,153	30,853
Materials and Supplies	19,606	28,413	8,807
Capital Outlay - Replacement	1,000	7,778	6,778

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
Support Services - Fiscal			
Fringe Benefits	\$18,775	\$21,367	\$2,592
Purchased Services	22,950	28,332	5,382
Materials and Supplies	2,256	10,062	7,806
Other	39,500	51,047	11,547
Support Services - Operation and Maintenance of Plant			
Salaries	113,000	113,767	767
Purchased Services	193,055	305,405	112,350
Materials and Supplies	29,015	51,452	22,437
Capital Outlay - New	7,500	8,413	913
Capital Outlay - Replacement	100	920	820
Support Services - Pupil Transportation			
Salaries	95,500	100,124	4,624
Fringe Benefits	44,250	45,870	1,620
Other		621	621
Capital Outlay - New		1,878	1,878
Capital Outlay - Replacement	29,644	31,844	2,200
Support Services - Central			
Purchased Services	16,300	16,434	134
Non-Instructional Services			
Purchased Services		670	670
Extracurricular Activities			
Fringe Benefits	420	7,781	7,361
Purchased Services		1,180	1,180
Special Revenue Funds			
Public School Support			
Extracurricular Activities			
Other	7,270	9,318	2,048
District Managed Student Activities			
Extracurricular Activities			
Purchased Services	6,675	31,104	24,429
Materials and Supplies	398	2,992	2,594
Other	8,784	14,726	5,942

(continued)

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

<u>Fund Type/Fund/Function/Object</u>	<u>Appropriations</u>	<u>Expenditures/ Expenses Plus Encumbrances</u>	<u>Excess</u>
Special Revenue Funds (continued)			
Title I			
Regular Instruction			
Materials and Supplies	\$0	\$6,646	\$6,646
Title VI			
Support Services - Instructional Staff			
Capital Outlay - New		5,469	5,469
Proficiency			
Support Services - Pupils			
Purchased Services	500	4,352	3,852
Capital Projects Funds			
Emergency Building Repair			
Support Services - Operation and Maintenance of Plant			
Purchased Services	418,167	424,001	5,834
Technology Equity			
Support Services - Instructional Staff			
Capital Outlay - New	5,209	8,218	3,009
Power Up			
Support Services - Instructional Staff			
Capital Outlay - New		2,160	2,160
Enterprise Fund			
Uniform School Supplies			
Materials and Supplies	25,600	31,403	5,803

The following funds had appropriations in excess of the estimated resources plus available balances, which violated Ohio Rev. Code Section 5705.39, for the fiscal year ended June 30, 1999:

<u>Fund Type/Fund</u>	<u>Estimated Resources Plus Available Balances</u>	<u>Appropriations</u>	<u>Excess</u>
Special Revenue Funds			
Trust	\$180	\$280	\$100
Title I	197,002	199,197	2,195

The following fund had deficit cash balances, which violated Ohio Rev. Code Section 5705.10, for the fiscal year ended June 30, 1999.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

Debt Retirement	\$31,458
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During the year ended June 30, 1999 the District did not certify all expenditures as required by Ohio Rev. Code Section 5705.41(D).

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types and Expendable Trust Fund and the Combined Statement of Revenues, Expenses, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - Enterprise Funds 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 the expendable trust fund and as note disclosure in the enterprise funds (GAAP basis).
4. Although not part of the appropriated budget, the Title VI-B special revenue fund is included as part of the reporting entity when preparing financial statements that conform with GAAP.
5. The School District repays notes from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
GAAP Basis	\$239,892	\$83,576	\$0	\$99,248
Revenue Accruals	3,431	15,786		24,000
Expenditure Accruals	34,894	(2,173)		(29,000)
Cash on Hand at Beginning of Year	0	420		
Prepaid Items	(3,326)	124		
Reallocation of Debt Activity	(27,073)		27,073	
Note Principal Retirement			(45,000)	
Note Interest	13,531		(13,531)	
Excess of Revenues Over Expenditures for Nonbudgeted Funds		(10,066)		
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	(194,225)	(13,355)		(10,369)
Budget Basis	<u>\$67,124</u>	<u>\$74,312</u>	<u>(\$31,458)</u>	<u>\$83,879</u>

**Net Income/Excess of Revenues Under Expenses
Enterprise Funds**

GAAP Basis	\$7,002
Revenue Accruals	(9,902)
Expense Accruals	2,187
Inventory Held for Resale	420
Materials and Supplies Inventory	(415)
Prepaid Items	(77)
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	<u>(14,489)</u>
Budget Basis	<u>(\$15,274)</u>

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.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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.

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

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

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

1. United States Treasury bills, bonds, notes, or any other obligation or security issued by the United States Treasury, or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligation or security 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 the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least 2 percent and be marked to market daily, and the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25 percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt interests rated in either of the two highest rated classifications by at least two nationally recognized rating agencies.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

At fiscal year end, the School District had \$815 in undeposited cash on hand which is included on the combined balance sheet of the School District as part of "Equity in Pooled Cash and Cash Equivalents".

At fiscal year end, the School District had \$10,066 in cash and cash equivalents held by the Hardin County Educational Service Center. The Educational Service Center holds this flow through grant money for the School District together with that of other school districts, and therefore, the School District cannot classify this money by risk under GASB Statement No. 3.

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".

At fiscal year end, the carrying amount of the School District's deposits was \$927,044 and the bank balance was \$1,125,579. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining amounts were uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

The School District's investments are categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered 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 STAR Ohio is unclassified since it is not evidenced by securities that exist in physical or book entry form. At June 30, 1999, the fair value of funds on deposit with STAR Ohio was \$303,692.

The classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting". A reconciliation between the classification of cash and cash equivalents and investments on the combined balance sheet and the classification of deposits and investments according to GASB Statement No. 3 is as follows:

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$1,241,617	\$0
Cash on Hand	(815)	
Cash with ESC	(10,066)	
Investments:		
STAR Ohio	(303,692)	303,692
GASB Statement No. 3	<u>\$927,044</u>	<u>\$303,692</u>

7. PROPERTY TAXES

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

Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real and public utility property tax revenues received in calendar year 1999 represent the collection of calendar year 1998 taxes. Real property taxes for 1999 were levied after April 1, 1999, on the assessed values as of January 1, 1999, the lien date. Assessed values for real property taxes are established by State statute at 35 percent of appraised market 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.

Public utility real and tangible personal property taxes for 1999 were levied after April 1, 1999, on the assessed values as of December 31, 1998, the lien date. Public utility real property is assessed at 35 percent of true value; tangible personal property is currently assessed at varying percentages of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

Tangible personal property tax revenues received in calendar year 1999 (other than public utility property) represent the collection of calendar year 1999 taxes. Tangible personal property taxes for 1999 were levied after April 1, 1998, on the value as of December 31, 1998. Tangible personal property is currently assessed at 25 percent of true value. Amounts paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Auglaize, Hardin, and Logan Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

7. PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, public utility property, and tangible personal property taxes which were measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$67,473 in the General Fund. The amount available as an advance at June 30, 1998, was \$92,821 in the General Fund.

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

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$32,547,980	86.54%	\$33,337,360	86.79%
Public Utility	4,404,690	11.71	4,309,390	11.22
Tangible Personal	659,650	1.75	762,640	1.99
Total Assessed Value	<u>\$37,612,320</u>	<u>100.00%</u>	<u>\$38,409,390</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$35.20		\$34.90	

8. INCOME TAXES

The School District levies a voted tax of 0.50 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1996, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the School District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

9. RECEIVABLES

Receivables at June 30, 1999, consisted of both property and income taxes, accounts (rent, billings for user charged services, and student fees), intergovernmental, interfund, and accrued interest. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, the current year guarantee of federal funds, and the School District's policy on collecting student fees.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

9. RECEIVABLES (Continued)

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Telecom E-Rate	\$4,141
Student Transportation	5,794
Workers' Compensation Reimbursement	2,191
Total General Fund	12,126
Special Revenue Funds	
Hardin County ESC	1,180
Title I	19,810
Total Special Revenue Funds	20,990
Enterprise Fund	
Food Service	8,278
Total Intergovernmental Receivables	\$41,394

10. FIXED ASSETS

The School District did not record any additions, reductions, or depreciation for enterprise fund fixed assets for the fiscal year ended June 30, 1999. The following amounts represent balances at June 30, 1998.

Furniture and Equipment	\$76,295
Less Accumulated Depreciation	(62,051)
Net Fixed Assets	\$14,244

The School District did not record any additions or reductions to general fixed assets for the fiscal year ended June 30, 1999. The following amounts represent balances at June 30, 1998.

Asset Category	Balance at 6/30/1998
Buildings and Improvements	\$2,338,495
Furniture, Fixtures, and Equipment	1,195,532
Vehicles	316,454
Total	\$3,850,481

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

11. INTERFUND ASSETS/LIABILITIES

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

	<u>Receivable</u>		<u>Payable</u>	
	<u>Interfund</u>	<u>Advance to</u>	<u>Interfund</u>	<u>Advance from</u>
General Fund	\$22	\$11,000	\$0	\$0
Special Revenue Fund				
Proficiency			22	
Enterprise Fund				
Uniform School Supply				10,000
Agency				
Student Activity				1,000
Total	<u>\$22</u>	<u>\$11,000</u>	<u>\$22</u>	<u>\$11,000</u>

12. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the School District contracted for the following insurance coverages:

Coverages provided by Indiana Insurance Company are as follows:

Building and Contents - Replacement Cost (\$500 deductible)	\$15,445,000
Musical Instruments (\$100 deductible)	66,402
Automobile Liability (\$250 deductible)	1,000,000
Theft and Disappearance	2,000
Commercial Umbrella	3,000,000
General Liability	
Per Occurrence	1,000,000
Aggregate	2,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years, and there has been no significant reduction in coverage from the prior fiscal year.

The School District participates in the Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust), a public entity shared risk pool consisting of six school districts, the Hardin County Educational Service Center, and the Ada Public Library. The School District pays monthly premiums to the Trust for employee medical, dental, vision, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

12. RISK MANAGEMENT (Continued)

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the Plan), an insurance purchasing pool. The intent of the Plan 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 Plan. The workers' compensation experience of the participants is calculated as one experience and a common premium rate is applied to all participants in the Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate.

Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. 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 Plan. Participation in the Plan is limited to participants that can meet the Plan's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control, and actuarial services to the Plan.

13. DEFINED BENEFIT PENSION PLANS

A. 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 administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contribution for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$110,532, \$192,665, and \$218,604, respectively; 85 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$17,102, is recorded as a liability within the respective funds.

B. 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 administered by the School Employees Retirement Board. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

13. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll; 7.7 percent was the portion used to fund pension obligations for fiscal year 1999. For fiscal year 1998, 9.02 percent was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The School District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997, were \$39,505, \$45,262, and \$44,146, respectively; 36 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. The unpaid contribution for fiscal year 1999, in the amount of \$25,245, is recorded as a liability within the respective funds and the general long-term obligations account group.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by a State Retirement System have an option to choose Social Security or the appropriate State Retirement System. As of December 31, 1999, two members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

14. 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 classified 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 obligation to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 1999, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$147,376 for fiscal year 1999.

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

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

14. POSTEMPLOYMENT BENEFITS (Continued)

For this fiscal year, employer contributions to fund health care benefits were 6.3 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the School District, the amount to fund health care benefits, including the surcharge, was \$50,277 for fiscal year 1999.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of annual health care expenses. Expenses for health care at June 30, 1999, were \$126,380,984, and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188 million. SERS has approximately 51,000 participants currently receiving health care benefits.

15. OTHER EMPLOYEE BENEFITS

A. Compensated Absences

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of one hundred ninety-seven days for classified employees and two hundred twenty-four days for certified employees. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of forty-nine and one-quarter days for classified employees and fifty-six days for certified employees.

B. Employee Insurance Benefits

The School District participates in the Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust), a public entity shared risk pool consisting of six school districts, the Hardin County Educational Service Center, and the Ada Public Library. The School District pays monthly premiums to the Trust for employee medical, dental, vision, and life insurance benefits. The Trust is responsible for the management and operations of the program. Upon withdrawal from the Trust, a participant is responsible for the payment of all Trust liabilities to its employees, dependents, and designated beneficiaries accruing as a result of withdrawal.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

16. CAPITAL LEASE - LESSEE DISCLOSURE

The School District has entered into a capitalized lease for facilities. The lease meets the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures on the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets acquired by lease have been capitalized in the general fixed assets account group, in the amount of \$730,566. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 1999 were \$8,874 in the governmental funds. During fiscal year 1999, a capital lease was terminated which resulted in a reduction in the capital lease liability of \$4,233.

The following is a schedule of the future long-term minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	General Long-Term Obligations Account Group
2000	\$34,000
2001	34,000
2002	34,000
2003	34,000
2004	34,000
2005 - 2009	170,000
2010 - 2014	170,000
2015 - 2019	170,000
2020 - 2024	170,000
2025 - 2029	170,000
2030 - 2034	170,000
2035 - 2039	170,000
2040 - 2041	51,000
Total	1,411,000
Less Amount Representing Interest	(703,615)
Present Value of Net Minimum Lease Payments	\$707,385

17. NOTES PAYABLE

In fiscal year 1993, the School District issued \$435,000 in energy conservation notes for providing energy conservation measures for the School District. The notes were issued under the authority of Ohio Revised Code Sections 133.06(G) and 3313.372 for a ten year period, with final maturity during fiscal year 2003. During fiscal year 2000, principal, in the amount of \$45,000, was retired from the General Fund. The outstanding balance at June 30, 1999, was \$185,000.

Principal and interest requirements to retire the notes were as follows:

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

17. NOTES PAYABLE (Continued)

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$50,000	\$10,609	\$60,609
2001	50,000	7,534	57,534
2002	55,000	4,459	59,459
2003	30,000	923	30,923
Total	<u>\$185,000</u>	<u>\$23,525</u>	<u>\$208,525</u>

18. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	<u>Balance at 6/30/1998</u>	<u>Additions</u>	<u>Reductions</u>	<u>Balance at 6/30/1999</u>
<u>General Long-Term Obligations</u>				
Compensated Absences Payable	\$266,077	\$0	\$28,817	\$237,260
Intergovernmental Payable	36,226	44,332	36,226	44,332
Capital Lease Payable	720,492		13,107	707,385
Total General Long-Term Obligations	<u>\$1,022,795</u>	<u>\$44,332</u>	<u>\$78,150</u>	<u>\$988,977</u>

Compensated absences and intergovernmental payables, representing the School District's contractually required pension contributions, will be paid from the fund from which the employees' salaries are paid. The capital lease will be paid from the General Fund.

The School District's overall debt margin was \$1,152,282 with an unvoted debt margin of \$384,094 at June 30, 1999.

19. SET ASIDE REQUIREMENTS

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. These amounts must be carried forward to be used for the same purposes in future years. In addition, the School District is also required to set aside money for budget stabilization.

The following cash basis information identifies the changes in the fund balance reserves for textbooks, capital improvements, and budget stabilization during fiscal year 1999.

	<u>Textbooks</u>	<u>Capital Improvements</u>	<u>Budget Stabilization</u>
Balance June 30, 1998	\$0	\$0	\$21,375
Current Year Set Aside Requirement	60,348	60,348	30,174
Workers Compensation Refund			267
Qualifying Expenditures	(60,348)	(16,270)	
Balance June 30, 1999	<u>\$0</u>	<u>\$44,078</u>	<u>\$51,816</u>

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

20. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
Operating Revenues	\$125,093	\$23,270	\$148,363
Operating Income (Loss)	(78,546)	3,702	(74,844)
Federal Donated Commodities	18,152		18,152
Operating Grants	63,694		63,694
Net Income	3,300	3,702	7,002
Net Working Capital	(4,338)	17,155	12,817
Total Assets	41,025	17,439	58,464
Total Equity	5,316	7,155	12,471
Encumbrances Outstanding at Fiscal Year End (Budget Basis)	2,370	12,119	14,489

21. JOINTLY GOVERNED ORGANIZATIONS

A. West Central Ohio Special Education Regional Resource Center

The West Central Ohio Special Education Regional Resource Center (SERRC) is a jointly-governed organization formed to initiate, expand, and improve special education programs and services for children with disabilities and their parents. The SERRC is governed by a fifty-two member board consisting of the superintendent from the fifty participating school districts, one representative from a non-public school, and one representative from Wright State University. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Krista Hart, Hardin County Educational Service Center, 1 Court House Square, Suite 50, Kenton, Ohio 43326-2385.

B. Western Ohio Computer Organization

The School District is a participant in the Western Ohio Computer Organization (WOCO). WOCO is an association of public school districts within the boundaries of Auglaize, Champaign, Hardin, Logan, and Shelby Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of WOCO consist of two representatives from each county elected by majority vote of all charter member school districts within each county plus a representative from the fiscal agent school district. Financial information can be obtained from Larry Wilberding, who serves as Director, 129 East Court Street, Sidney, Ohio 45365.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

21. JOINTLY GOVERNED ORGANIZATIONS (Continued)

C. Ohio Hi-Point Joint Vocational School

The Ohio Hi-Point Joint Vocational School (JVS) is a distinct political subdivision of the State of Ohio which provides vocational education to students. The JVS is operated under the direction of a Board consisting of one representative from each of the participating school districts' elected boards. The degree of control exercised by the School District is limited to its representation on the Board. The Board is its own budgeting and taxing authority. Financial information can be obtained from the Ohio Hi-Point Joint Vocational School, Eric Adelsberger, who serves as Treasurer, 2280 State Route 540, Bellefontaine, Ohio 43311.

D. Hardin County Schools Consortium Local Professional Development Committee

The Hardin County Local Professional Development Committee (LPDC) was established to plan, promote, and facilitate effective and efficient professional educator license renewal standards and staff development activities. The LPDC is organized under Ohio laws as a regional council of governments pursuant to a written agreement entered into by its members. The LPDC is governed by a fifteen member Executive Board. Financial information can be obtained from the Hardin County Educational Service Center, who serves as fiscal agent, One Courthouse Square, Suite 50, Kenton, Ohio 43326.

22. INSURANCE POOLS

A. Hardin County School Employees' Health and Welfare Benefit Plan and Trust

The Hardin County School Employees' Health and Welfare Benefit Plan and Trust (the Trust) is a public entity shared risk pool consisting of six school districts, the Hardin County Educational Service Center, and the Ada Public Library. The Trust is organized as a Voluntary Employee Benefit Association under Section 501 (c)(9) of the Internal Revenue Code and provides medical, dental, vision, and life insurance benefits to the employees of the participants. Each participant's superintendent is appointed to an Administrative Committee which advises the Trustee, Ohio Bank, concerning aspects of the administration of the Trust.

Each participant decides which plans offered by the Administrative Committee will be extended to its employees. Participation in the Trust is by written application subject to acceptance by the Administrative Committee and payment of the monthly premiums. Financial information can be obtained from Rick Combs, who serves as Director, 9525 T.R. 50, Dola, Ohio 45835.

B. Ohio School Boards Association Workers' Compensation Group Rating Plan

The School District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Workers' Compensation Group Rating Plan (GRP) was established through the Ohio School Boards Association (OSBA) as 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 GRP. Each year, the participants pay an enrollment fee to the GRP to cover the costs of administering the program.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

23. RELATED ORGANIZATION

Alger Public Library

The Alger Public Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Upper Scioto Valley Local School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel, and does not depend on the School District for operational subsidies. Although the School District serves as the taxing authority, its role is limited to a ministerial function. The determination to request approval of a tax, the rate, and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the Alger Public Library, 100 West Wagoner Street, Alger, Ohio 45812.

24. SCHOOL FUNDING

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's Legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "School Foundation Program", which provides significant monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$2,644,654 of school foundation support for its General Fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court.

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

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

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

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)**

25. SUBSEQUENT EVENT

On December 23, 1999, the School District issued \$2,253,000 in general obligation notes for the construction of a new school facility. The notes matured on July 26, 2000, and had an interest rate of 4.94 percent. On July 19, 2000, the School District issued \$2,253,000 in general obligation notes to retire the notes previously issued. These notes matured on December 27, 2000, and had an interest rate of 5.65 percent. On December 14, 2000, the School District again issued \$2,253,000 in general obligation notes to retire the notes previously issued. These notes will mature on June 6, 2001, and have an interest rate of 5.47 percent.

26. CONTINGENCIES

A. Grants

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

B. Litigation

There are currently no matters in litigation with the School District as defendant.

C. Liability

The District has been assessed interest and penalties, by the Internal Revenue Service, for the late remittance of federal taxes during fiscal years 1999 and 2000. Initially, the total interest and penalties assessed were \$151,488, however, \$127,957 has been abated which leaves a remaining liability of \$23,531. This remaining liability may be subject to further interest and penalties as determined by the Internal Revenue Service. As of the date of these financial statements the School District does not know the exact amount of the final liability.

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

Upper Scioto Valley Local School District
Hardin County
510 Courtright Street
McGuffey, Ohio 45859

To the Board of Education:

We have audited the financial statements of the Upper Scioto Valley Local School District (the District), Hardin County, as of and for the years ended June 30, 2000 and 1999, and have issued our report thereon dated February 26, 2002, which was qualified for our inability to obtain sufficient evidential matter supporting additions or reductions to General Fixed Assets and Enterprise Fund assets and depreciation for Enterprise Fund assets. As described in Note 3 to the 1999 general purpose financial statements, during fiscal year 1999, the District reclassified an Agency fund and two Special Revenue funds. Except as discussed in the first sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-10233-001 through 2000-10233-006. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 26, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 2000-10233-007 through 2000-10233-010.

**Internal Control Over Financial Reporting
(Continued)**

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 2000-10233-008 through 2000-10233-010 to be material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 26, 2002.

This report is intended for the information and use of the management, and the Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

February 26, 2002

UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY

SCHEDULE OF FINDINGS
JUNE 30, 2000 AND 1999

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

FINDING NUMBER 2000-10233-001

Noncompliance Citation

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purpose for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expenses of another fund.

The District had negative fund balances in the following funds at June 30, 2000:

Special Revenue - Title I Fund	\$74,025
Debt Service Debt Retirement Fund	10,918
Enterprise - Food Service Fund	2,197

The District had negative fund balances in the following funds at June 30, 1999:

Debt Retirement Fund	\$31,458
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The District should implement monitoring procedures to monitor revenues and expenditures to help prevent negative fund balances. Monthly fund balance reports should be presented to the Board for their review and approval.

FINDING NUMBER 2000-10233-002

Non-Compliance Citation

Ohio Rev. Code Section 5705.36 allows subdivisions to request increased amended certificates of estimated resources and reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue.

The total appropriations made during a fiscal year from any fund must not exceed the amount contained in the certificate of estimated resources or the amended certificate of estimated resources which was certified prior to making the appropriations or supplemental appropriation.

During 2000, numerous funds had actual revenues greater than budgeted revenues due to the District not having certified resources for these funds. The more significant deficiencies were in the following funds:

Special Revenue - Title 1 Fund	\$116,878
Special Revenue - Athletic Fund	74,623
Debt Service - Debt Retirement Fund	81,149
Capital Projects - Emergency Building Repair Fund	936,869
Expendable Trust Funds	1,200

By not preparing and amending when necessary its certificate of estimated resources, the District can not make reasonable decisions regarding the monies it has available for appropriation and expenditure. The District should monitor its budgeted revenues versus its actual revenues throughout the year and amend its certificate of estimated resources accordingly.

FINDING NUMBER 2000-10233-003

Non-Compliance Citation

Ohio Rev. Code Section 5705.39 requires that the total appropriation from each fund should not exceed the total estimated resources.

At June 30, 2000, the following funds had appropriations greater than estimated resources in the following amounts:

Debt Service Debt Retirement Fund	\$31,458
Capital Project - Emergency Building Repair	5,834

At June 30, 1999, the following fund had appropriations greater than estimated resources in the following amount:

Special Revenue - Title I Fund	\$ 2,195
--------------------------------	----------

The District should implement monitoring procedures to help ensure that adopted appropriations do not exceed estimated resources.

FINDING NUMBER 2000-10233-004

Noncompliance Citation

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. During 2000 and 1999, the District had numerous violations of this requirement at their legal level of control. The more significant of these violations are as follows:

2000 LEGAL LEVEL	APPROPRIATIONS	EXPENDITURES	EXCESS
General Fund, Other Instruction, Purchased Services	\$0	\$315,704	\$315,704
General Fund, Support Services-Pupils, Salaries	66,150	91,548	25,398
General Fund, Support Services-Administration, Salaries	225,750	273,889	48,139
General Fund, Support Services - Fiscal, Salaries	49,875	71, 218	21,343
General Fund, Extracurricular Activities, Fringe Benefits	8,925	23,644	14,719
General Fund, Capital Outlay, Purchased Services		28,000	28,000
Special Revenue, Public School Support Fund, Extracurricular Activities, Other	1,101	9,845	8,744
Special Revenue, Jennings Grant Fund, Support Services-Instructional Staff, Salaries		1,180	1,180

FINDING NUMBER 2000-10233-004
(Continued)

Special Revenue, Jennings Grant, Support Services - Instructional Staff, Materials and Supplies		3,403	3,403
Special Revenue, Little River Preschool Fund, Regular Instruction, Materials and Supplies	1,082	3,226	2,144
Special Revenue, District Managed Student Activities Fund, Extracurricular Activities, Purchased Services	1,804	31,362	29,558
Special Revenue, District Managed Student Activities Fund, Extracurricular Activities, Capital Outlay, New	3,537	27,934	24,397
Special Revenue, District Managed Student Activities Fund, Extracurricular Activities, Other	1,342	15,010	13,668
Special Revenue, Teacher Development Fund, Regular Instruction, Salaries		1,500	1,500
Special Revenue, Teacher Development Fund, Support Services-Instructional Staff, Purchased Services		4,009	4,009
Special Revenue, Title 1 Fund, Regular Instruction, Materials and Supplies	389	5,393	5,004
Special Revenue, Title 1 Fund, Special Instruction, Salaries		152,635	152,635
Special Revenue, Title 1 Fund, Special Instruction, Fringe Benefits		15,275	15,275
Special Revenue, Title 1 Fund, Special Instruction, Materials and Supplies	3,119	22,739	19,620
Special Revenue, Title 1 Fund, Support Services-Instructional Staff, Salaries		7,402	7,402
Special Revenue, Title VI, Special Instruction, Salaries		2,119	2,119
Debt Service, Bond Retirement Fund, Debt Service, Principal Retirement		50,000	50,000

FINDING NUMBER 2000-10233-004
(Continued)

Debt Service, Bond Retirement Fund, Debt Service, Interest and Fiscal Charges		10,609	10,609
Capital Projects, Permanent Improvement Fund, Support Services-Operation and Maintenance of Plant, Purchased Services		63,863	63,863
Capital Projects, Emergency Building Repair Fund, Capital Outlay, Capital Outlay-New		184,360	194,360
Capital Projects, Emergency Building Repair Fund, Capital Outlay, Capital Outlay-Replacement		92,222	92,222
Capital Projects, School Net Fund, Support Services-Instructional Staff, Capital Outlay-New	20	30,029	30,009
Capital Projects, Technology Equity Fund, Support Services-Instructional Staff, Capital Outlay-New	909	8,836	7,927
Enterprise, Food Service Fund, Salaries		72,402	72,402
Enterprise, Food Service Fund, Fringe Benefits		36,005	36,005
Enterprise, Food Service Fund, Materials and Supplies	2,145	97,321	95,176
Enterprise, Food Service Fund, Capital Outlay		4,049	4,049
Enterprise, Uniform School Supplies Fund, Materials and Supplies	12,119	15,771	3,652

1999

LEGAL LEVEL	APPROPRIATIONS	EXPENDITURES	EXCESS
General Fund, Regular Instruction, Purchased Services	6,065	178,178	\$172,113
General Fund, Special Instruction, Fringe Benefits	24,094	53,424	29,330
General Fund, Other Instruction, Purchased Services	25,000	37,605	12,605
General Fund, Support Services-Pupils, Salaries	58,000	83,321	25,321

**FINDING NUMBER 2000-10233-004
 (Continued)**

General Fund, Support Services- Board of Education, Materials and Supplies	4,025	94,394	90,369
General Fund, Support Services- Operation and Maintenance of Plant, Purchased Services	255,178	305,405	50,227
General Fund, Non-Instructional Services, Purchased Services		670	670
Special Revenue, District Managed Student Activities, Extracurricular Activities	6,675	31,104	24,429
Special Revenue, Title 1 Fund, Regular Instruction, Materials and Supplies		6,646	6,646
Special Revenue, Title VI Fund, Support Services-Instructional Staff, Capital Outlay-New		5,469	5,469
Special Revenue, Proficiency Fund, Support Services-Pupils, Purchased Services	500	4,352	3,852

The District should implement monitoring procedures to help ensure that expenditures do not exceed appropriations at the legal level of control. The Treasurer should provide the Board with periodic budget versus actual reports that show the legal level of control.

FINDING NUMBER 2000-10233-005

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (D) states that no orders or contracts involving the expenditure of money are to be made unless there is a certificate of the fiscal officer that the amount required for the order or contract has been lawfully appropriated and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances.

The following exceptions to this basic requirement are provided by statute:

Then and Now Certificate: This exception provides that, if the fiscal officer can certify that both at the time that the contract or order was made and at the time that he is completing his certification, sufficient funds were available or in the process of collection, to the credit of a proper fund, properly appropriated and free from any previous encumbrance, the taxing authority can authorize the drawing of a warrant. The taxing authority has 30 days from the receipt of such certificate to approve payment by resolution or ordinance. If approval is not made within 30 days, there is no legal liability on the part of the subdivision or taxing district.

Amounts less than \$1,000 for school districts may be paid by the fiscal officer without such certificate of the taxing authority upon completion of the "then and now" certificate, provided that the expenditure is otherwise lawful. This does not eliminate any otherwise applicable requirement for approval of expenditures by the taxing authority.

FINDING NUMBER 2000-10233-005
(Continued)

Twenty-eight (28%) percent of the tested transactions tested were not certified by the Treasurer or her assistant prior to making orders for the expenditure of District funds. In addition, neither of the two exceptions above were utilized for these transactions. Procedures should be implemented by the District not only to help ensure compliance with this requirement, but to help prevent the unauthorized obligation of District funds.

FINDING NUMBER 2000-10233-006

Noncompliance Citation

26 USC, Section 3402, Internal Revenue Code, requires every employer making payment of wages to deduct and withhold upon such wages a tax determined in accordance with tables or computational procedures prescribed by the Secretary of the Treasury.

During fiscal year 2000, the District withheld Federal income tax and Medicare tax withholdings in the amount of \$276,823; however, these withholdings were not remitted to the Internal Revenue Service.

The failure to remit Federal income tax and Medicare tax withholdings could result in penalties, fines, and/or interest charges to be assessed against the District. Monitoring procedures should be implemented by the District to help assure that all withholdings are remitted in a timely manner.

FINDING NUMBER 2000-10233-007

Reportable Condition

Student Activity Records

Student activity advisors should prepare activity budgets, maintain activity ledgers, and prepare sales project potential forms for each fund-raiser within their activity. In addition, advisors should be responsible for maintaining and controlling the inventory of goods to be sold for their respective activities. Some District student activities did not prepare activity budgets, maintain activity ledgers or inventory records, or prepare sales project potential forms. The failure to maintain adequate student activity records inhibits the Board's and management's ability to properly monitor student activities. Failure to maintain proper counts of unsold, donated, or spoiled inventory, and lack of accountability for individual receipts could lead to errors or irregularities which could remain undetected in the normal course of business.

An annual student activity budget will assist the advisor in determining the needed fund raisers to achieve the goals of the activity. Sales project potential forms are an efficient way for advisors to account for all the activity of a fund raiser. A properly completed sales project potential form will show the expected profit from an event, how actual revenue compared to expected revenue, and explain the reason(s) for any variance. Sales project potential forms should be completed by the activity advisors and submitted to the appropriate administrators for approval. The activity ledgers should be maintained by the group in order to allow them to perform a monthly reconciliation with the Treasurer's records. The ledgers should identify the amount and source of all revenues and expenditures, along with the current fund balance of the group. Inventory records should show purchases, sales, ending balances, and the location of the inventory.

The help assure that activity advisors understand the requirements of student activity records, the District should conduct annual training. To facilitate this training the District should review MAS Bulletin 93-13.

FINDING NUMBER 2000-10233-008

Material Weakness

Fixed Asset Activity

Fixed asset records should be maintained in a manner that easily identifies additions, deletions, and depreciation expense for fixed assets. The District did not maintain these records in a manner that allowed for the recording of additions, deletions, and depreciation expense to their fixed assets for fiscal years 2000 and 1999. As a result it could not be determined if the fixed asset balances at June 30, 2000 and 1999 were accurately stated which resulted in an opinion qualification on the District's financial statements.

The District should perform a physical inventory of all fixed assets. The accounting transaction records should then be reviewed between the time of the physical inventory and reporting year-end to allow for any necessary adjustments to the reported balances as a result of additions and deletions. In addition, depreciation expense should be charged against applicable assets.

FINDING NUMBER 2000-10233-009

Material Weakness

Bank-To-Book Reconciliations

Monthly bank-to-book reconciliations should be performed by the financial officer and presented to the boards of education for their review and approval. This procedure helps the governing body to effectively monitor the cash position and activity of the entity. The District did not perform bank to book reconciliations during fiscal year 2000 and 1999. As a result, the District's Board was unable to detect that transaction posting errors has occurred and that some payroll withholdings had not been remitted. In addition, the failure to perform reconciliations could result in other irregularities, overdrafts, or the misappropriation of assets not being detected in the normal course of business.

The Treasurer should perform a monthly bank-to-book reconciliation. This reconciliation should be presented to the District's Board for their review and approval. Evidence of this review and approval should be maintained by the District. Periodically the District's Board and/or audit committee should perform a more in depth review of the reconciliations to determine the validity of all reconciling items and balances.

FINDING NUMBER 2000-10233-010

Material Weakness

Monitoring of Budget versus Actual Activity

The governing body should review and approve monthly budget versus actual activity reports and fund status reports to determine if receipts and expenditures are in line and in compliance with the adopted budget. By performing this comparison, the governing body can readily identify areas of concern and make appropriate budgetary adjustments. There was no evidence to indicate that the District's Board periodically reviewed or received budgetary reports from the Treasurer.

The lack of a periodic review of budgetary reports by the District's Board could result in material budgetary variances and/or budgetary non-compliance that is not identified in the normal course of business or are not reported by the Treasurer.

The Treasurer should provide the District's Board with monthly budgetary reports for their review and approval. Periodically the District's Board and/or audit committee should perform a review of the budgeted numbers presented in the accounting system to determine if they reflect the approved budget. Evidence of this review and approval should be maintained by the District.

**UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT
HARDIN COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
JUNE 30, 2000 AND 1999**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
98-01	ORC 9.38 Deposits of Public Money	No	Not corrected. Reported in the management letter.
98-02	ORC 5705.391 Spending Plan	No	Partially corrected. Reported in the management letter.
98-03	ORC 5705.14, 5705.15, 5705.16 Transfer of Funds	Yes	Fully corrected.
98-04	ORC 5705.412 412 Certificates	Yes	Fully corrected.
98-05	ORC 5705.36	No	Not corrected. Repeated as Finding 2000-10233-002.
98-06	ORC 5705.39	No	Not corrected. Repeated as Finding 2000-10233-003.
98-07	ORC 5705.41 (B)	No	Not corrected. Repeated as Finding 2000-10233-004.
98-08	Cash Disbursements/ Purchase Orders	No	Not corrected. Repeated ORC 5705.41 (D) as Finding 2000-10233-005.
98-09	Pledged Collateral	Yes	Fully corrected.
98-10	Separation of Duties	Yes	Fully corrected.
98-11	Cash Receipts	Yes	Corrected during the second half of FY 2000.
98-12	Payroll Items	No	Not corrected. Repeated as Finding 2000-10233-006.
98-13	Athletic Checking Account	No	Not corrected. Reported as management letter recommendation.
98-14	Postings	No	Not corrected. Repeated a recommendation to reconcile bank to book as Finding 2000-10233-009.
98-15	Cash	No	Not corrected. Repeated as Finding 2000-10233-009.
98-16	State/Federal Grants	No	Not corrected. Repeated as Finding 2000-10233-001 since the prior report issue pertained to negative fund balances.
98-17	Food Service	Yes	Fully corrected.



STATE OF OHIO
OFFICE OF THE AUDITOR

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UPPER SCIOTO VALLEY LOCAL SCHOOL DISTRICT

HARDIN 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
MARCH 28, 2002**