



**Auditor of State  
Betty Montgomery**



**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

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**Auditor of State  
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**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2002, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Symmes Valley Local School District, Lawrence County, as of June 30, 2002, 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 27, 2003 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Symmes Valley Local School District  
Lawrence County  
Report of Independent Accountants  
Page 2

The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general purpose financial statements. In our opinion, it is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2003

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<u>Assets and Other Debits:</u>					
<u>Assets:</u>					
Equity in Pooled Cash and Cash Equivalents	\$5,767,048	\$279,936	\$208,707	\$3,497,024	\$227,930
Receivables:					
Accounts	700	0	0	0	0
Property Taxes	654,256	14,960	179,499	0	0
Intergovernmental	0	133,664	0	1,703,728	0
Accrued Interest	133,390	0	0	3,546	0
Inventory Held for Resale	0	0	0	0	1,924
Materials and Supplies Inventory	8,412	0	0	0	131
Prepaid Items	34,718	0	0	0	0
Restricted Assets:					
Cash and Cash Equivalents	204,325	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0	84,256
<u>Other Debits:</u>					
Amount Available in Debt Service Fund	0	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$6,802,849</b>	<b>\$428,560</b>	<b>\$388,206</b>	<b>\$5,204,298</b>	<b>\$314,241</b>



Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
	General Fixed Assets	General Long-Term Obligations	
Agency			
\$62,419	\$0	\$0	\$10,043,064
0	0	0	700
0	0	0	848,715
0	0	0	1,837,392
0	0	0	136,936
0	0	0	1,924
0	0	0	8,543
0	0	0	34,718
0	0	0	204,325
0	14,822,698	0	14,906,954
0	0	210,846	210,846
0	0	1,575,533	1,575,533
<u>\$62,419</u>	<u>\$14,822,698</u>	<u>\$1,786,379</u>	<u>\$29,809,650</u>

(Continued)

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2002  
(Continued)

	Governmental Fund Types				Proprietary Fund Type
	General	Special Revenue	Debt Service	Capital Projects	Enterprise
<u>Liabilities, Fund Equity and Other Credits:</u>					
<u>Liabilities:</u>					
Accounts Payable	\$15,957	\$2,469	\$0	\$1,481	\$1,324
Contracts Payable	0	0	0	870,861	0
Accrued Wages and Benefits Payable	426,055	84,868	0	0	13,619
Compensated Absences Payable	13,884	0	0	0	11,490
Retainage Payable	0	0	0	65,880	0
Intergovernmental Payable	85,964	23,564	0	0	2,152
Deferred Revenue	646,617	148,448	177,360	1,703,728	0
Due to Students	0	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0	0
General Obligation Bonds Payable	0	0	0	0	0
Total Liabilities	1,188,477	259,349	177,360	2,641,950	28,585
<u>Fund Equity and Other Credits:</u>					
Investment in General Fixed Assets	0	0	0	0	0
Contributed Capital	0	0	0	0	207,087
Retained Earnings:					
Unreserved (Deficit)	0	0	0	0	78,569
Fund Balance:					
Reserved for Encumbrances	168,415	8,859	8	0	0
Reserved for Inventory	8,412	0	0	0	0
Reserved for Textbooks	75,454	0	0	0	0
Reserved for Budget Stabilization	42,941	0	0	0	0
Reserved for Property Taxes	7,639	176	2,139	0	0
Reserved for Bus Purchases	85,930	0	0	0	0
Unreserved:					
Designated	201,077	0	0	0	0
Undesignated	5,024,504	160,176	208,699	2,562,348	0
Total Fund Equity and Other Credits	5,614,372	169,211	210,846	2,562,348	285,656
Total Liabilities, Fund Equity and Other Credits	\$6,802,849	\$428,560	\$388,206	\$5,204,298	\$314,241

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



**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures  
and Changes in Fund Balances  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$592,808	\$13,761	\$160,595	\$0	\$767,164
Intergovernmental	4,825,534	905,872	22,762	3,302,662	9,056,830
Interest	316,027	0	0	57,971	373,998
Tuition and Fees	2,287	0	0	0	2,287
Gifts and Donations	0	8,565	0	0	8,565
Extracurricular Activities	2,156	65,750	0	0	67,906
Miscellaneous	37,671	9	0	4,460	42,140
<b>Total Revenues</b>	<b>5,776,483</b>	<b>993,957</b>	<b>183,357</b>	<b>3,365,093</b>	<b>10,318,890</b>
<u>Expenditures:</u>					
Current:					
Instruction					
Regular	1,952,347	515,090	0	0	2,467,437
Special	355,074	318,533	0	0	673,607
Vocational	107,010	0	0	0	107,010
Support Services					
Pupils	164,867	38,027	0	0	202,894
Instructional Staff	108,946	37,777	0	0	146,723
Board of Education	58,631	949	0	0	59,580
Administration	376,917	61,498	0	0	438,415
Fiscal	236,199	439	5,018	0	241,656
Operation and Maintenance of Plant	591,800	0	0	0	591,800
Pupil Transportation	646,815	0	0	0	646,815
Central	5,463	10,944	0	0	16,407
Extracurricular Activities	107,600	34,237	0	0	141,837
Capital Outlay	0	0	0	1,546,867	1,546,867
Debt Service					
Principal Retirement	0	0	109,588	0	109,588
Interest and Fiscal Charges	0	0	46,777	0	46,777
<b>Total Expenditures</b>	<b>4,711,669</b>	<b>1,017,494</b>	<b>161,383</b>	<b>1,546,867</b>	<b>7,437,413</b>
Excess of Revenues Over (Under) Expenditures	1,064,814	(23,537)	21,974	1,818,226	2,881,477
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	2,143	24,565	0	26,708
Operating Transfers Out	(26,708)	0	0	0	(26,708)
<b>Total Other Financing Sources (Uses)</b>	<b>(26,708)</b>	<b>2,143</b>	<b>24,565</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,038,106	(21,394)	46,539	1,818,226	2,881,477
Fund Balance at Beginning of Year	4,588,507	190,605	164,307	744,122	5,687,541
Decrease in Reserve for Inventory	(12,241)	0	0	0	(12,241)
<b>Fund Balance at End of Year</b>	<b>\$5,614,372</b>	<b>\$169,211</b>	<b>\$210,846</b>	<b>\$2,562,348</b>	<b>\$8,556,777</b>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002

	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Property Taxes	\$588,223	\$588,223	\$0
Intergovernmental	4,911,037	4,911,037	0
Interest	277,545	277,545	0
Tuition and Fees	1,587	1,587	0
Gifts and Donations	0	0	0
Extracurricular Activities	2,156	2,156	0
Miscellaneous	37,876	37,876	0
<b>Total Revenues</b>	<b>5,818,424</b>	<b>5,818,424</b>	<b>0</b>
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	2,172,623	2,162,243	10,380
Special	353,658	353,777	(119)
Vocational	103,936	103,958	(22)
Support Services:			
Pupils	178,644	178,669	(25)
Instructional Staff	106,383	106,403	(20)
Board of Education	64,826	64,847	(21)
Administration	382,202	382,361	(159)
Fiscal	236,226	236,264	(38)
Operation and Maintenance of Plant	585,820	595,077	(9,257)
Pupil Transportation	709,417	706,459	2,958
Central	5,000	5,000	0
Extracurricular Activities	108,353	108,353	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>5,007,088</b>	<b>5,003,411</b>	<b>3,677</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>811,336</b>	<b>815,013</b>	<b>(3,677)</b>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	0	0
Advances In	36,984	36,984	0
Operating Transfers Out	(2,143)	(26,708)	(24,565)
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>34,841</b>	<b>10,276</b>	<b>(24,565)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>846,177</b>	<b>825,289</b>	<b>(20,888)</b>
Fund Balance at Beginning of Year	4,729,118	4,729,118	0
Prior Year Encumbrance Appropriated	192,262	192,262	0
<b>Fund Balance at End of Year</b>	<b>\$5,767,557</b>	<b>\$5,746,669</b>	<b>(\$20,888)</b>

(Continued)

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002  
(Continued)

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$13,661	\$13,661	\$0
Intergovernmental	905,872	905,872	0
Interest	0	0	0
Tuition and Fees	0	0	0
Gifts and Donations	8,565	8,565	0
Extracurricular Activities	65,750	65,750	0
Miscellaneous	9	9	0
<b>Total Revenues</b>	<b>993,857</b>	<b>993,857</b>	<b>0</b>
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	511,931	510,977	954
Special	311,099	311,099	0
Vocational	0	0	0
Support Services:			
Pupils	37,958	37,958	0
Instructional Staff	31,988	31,988	0
Board of Education	949	949	0
Administration	61,316	61,316	0
Fiscal	439	439	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	10,944	10,944	0
Extracurricular Activities	39,146	39,146	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>1,005,770</b>	<b>1,004,816</b>	<b>954</b>
Excess of Revenues Over (Under) Expenditures	(11,913)	(10,959)	(954)
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	2,143	2,143	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	(36,984)	(36,984)	0
<b>Total Other Financing Sources (Uses)</b>	<b>(34,841)</b>	<b>(34,841)</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(46,754)	(45,800)	954
Fund Balance at Beginning of Year	308,397	308,397	0
Prior Year Encumbrance Appropriated	6,560	6,560	0
<b>Fund Balance at End of Year</b>	<b>\$268,203</b>	<b>\$269,157</b>	<b>\$954</b>

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$159,300	\$159,300	\$0	\$0	\$0	\$0
22,762	22,762	0	3,302,662	3,302,662	0
0	0	0	56,054	56,054	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	4,460	4,460	0
182,062	182,062	0	3,363,176	3,363,176	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,025	5,025	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	1,346,000	1,346,000	0
109,588	109,588	0	0	0	0
46,777	46,777	0	0	0	0
161,390	161,390	0	1,346,000	1,346,000	0
20,672	20,672	0	2,017,176	2,017,176	0
24,565	24,565	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
24,565	24,565	0	0	0	0
45,237	45,237	0	2,017,176	2,017,176	0
163,462	163,462	0	789,880	789,880	0
0	0	0	8,118	8,118	0
\$208,699	\$208,699	\$0	\$2,815,174	\$2,815,174	\$0

(Continued)

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types  
For the Fiscal Year Ended June 30, 2002  
(Continued)

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$761,184	\$761,184	\$0
Intergovernmental	9,142,333	9,142,333	0
Interest	333,599	333,599	0
Tuition and Fees	1,587	1,587	0
Rent	8,565	8,565	0
Extracurricular Activities	67,906	67,906	0
Miscellaneous	42,345	42,345	0
<b>Total Revenues</b>	<b>10,357,519</b>	<b>10,357,519</b>	<b>0</b>
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	2,684,554	2,673,220	11,334
Special	664,757	664,876	(119)
Vocational	103,936	103,958	(22)
Support Services:			
Pupils	216,602	216,627	(25)
Instructional Staff	138,371	138,391	(20)
Board of Education	65,775	65,796	(21)
Administration	443,518	443,677	(159)
Fiscal	241,690	241,728	(38)
Operation and Maintenance of Plant	585,820	595,077	(9,257)
Pupil Transportation	709,417	706,459	2,958
Central	15,944	15,944	0
Extracurricular Activities	147,499	147,499	0
Capital Outlay	1,346,000	1,346,000	0
Debt Service			
Principal Retirement	109,588	109,588	0
Interest and Fiscal Charges	46,777	46,777	0
<b>Total Expenditures</b>	<b>7,520,248</b>	<b>7,515,617</b>	<b>4,631</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>2,837,271</b>	<b>2,841,902</b>	<b>(4,631)</b>
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	26,708	26,708	0
Advances In	36,984	36,984	0
Operating Transfers Out	(2,143)	(26,708)	(24,565)
Advances Out	(36,984)	(36,984)	0
<b>Total Other Financing Sources (Uses)</b>	<b>24,565</b>	<b>0</b>	<b>(24,565)</b>
<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>2,861,836</b>	<b>2,841,902</b>	<b>(19,934)</b>
Fund Balance at Beginning of Year	5,990,857	5,990,857	0
Prior Year Encumbrance Appropriated	206,940	206,940	0
<b>Fund Balance at End of Year</b>	<b>\$9,059,633</b>	<b>\$9,039,699</b>	<b>(\$19,934)</b>



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**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Statement of Revenues,  
Expenses and Changes in Fund Equity  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2002

	Enterprise
<u>Operating Revenues:</u>	
Sales	\$65,576
Other Revenues	91
	65,667
<u>Operating Expenses:</u>	
Salaries	85,489
Fringe Benefits	14,423
Purchased Services	3,584
Materials and Supplies	14,583
Cost of Sales	141,979
Depreciation	10,429
	270,487
Operating Loss	(204,820)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	23,592
Interest	9,424
Federal and State Subsidies	177,018
	210,034
Net Income	5,214
Retained Earnings at Beginning of Year	73,355
Retained Earnings at End of Year	78,569
Contributed Capital at Beginning and End of Year	207,087
Total Fund Equity at End of Year	\$285,656

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
**LAWRENCE COUNTY, OHIO**

Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2002

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$65,576	\$65,576	\$0
Interest	9,424	9,424	0
Other Revenues	91	91	0
Federal and State Subsidies	177,018	177,018	0
<b>Total Revenues</b>	<b>252,109</b>	<b>252,109</b>	<b>0</b>
<u>Expenses:</u>			
Salaries	82,708	82,708	0
Fringe Benefits	13,388	13,418	(30)
Purchased Services	3,584	3,584	0
Materials and Supplies	131,515	133,045	(1,530)
<b>Total Expenses</b>	<b>231,195</b>	<b>232,755</b>	<b>(1,560)</b>
Excess of Revenues Over Expenses	20,914	19,354	(1,560)
Fund Equity at Beginning of Year	208,356	208,356	0
Prior Year Encumbrances Appropriated	220	220	0
<b>Fund Equity at End of Year</b>	<b>\$229,490</b>	<b>\$227,930</b>	<b>(\$1,560)</b>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT**  
LAWRENCE COUNTY, OHIO

Statement of Cash Flows  
Proprietary Fund Type  
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type
	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$65,667
Cash Payments to Suppliers for Goods and Services	(136,629)
Cash Payments for Employee Services and Benefits	(96,126)
	(167,088)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	177,018
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	9,424
Net Increase in Cash and Cash Equivalents	19,354
Cash and Cash Equivalents at Beginning of Year	208,576
Cash and Cash Equivalents at End of Year	\$227,930
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$204,820)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	10,429
Donated Commodities Received During Year	22,578
Changes in Assets and Liabilities:	
Decrease in Inventory Held for Resale	61
Decrease in Materials and Supplies Inventory	53
Increase in Accounts Payable	1,324
Increase in Accrued Wages and Benefits Payable	3,783
Increase in Compensated Absences	339
Decrease in Intergovernmental Payable	(835)
Total Adjustments	37,732
Net Cash Used for Operating Activities	(\$167,088)
Noncash noncapital financing activities:	
During Fiscal year 2002, the food service enterprise fund received \$22,578 in federal donated commodities.	

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 1 - Description of the School District and Reporting Entity**

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 39 noncertified, 70 certificated full time teaching personnel and ten administrators who provide services to 876 students.

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

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

The School District participates in two organizations, one of which is defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are presented in Note 9 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

South Central Ohio Computer Association  
Pilasco-Ross

Insurance Purchasing Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

**Note 2 - Summary of Significant Accounting Policies**

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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***A. Basis Of Presentation - Fund Accounting***

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

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

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

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

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

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

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

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

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

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

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

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

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

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

***B. Measurement Focus and Basis of Accounting***

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

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

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

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

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 6.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

On the accrual basis of accounting, expenses are recognized at the time they are incurred

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

***C. Budgetary Data***

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

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

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

***Estimated Resources*** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation



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measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The estimated revenues which appear on the financial statements reflect estimated resource amounts at the time fund appropriations were passed. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue in the majority of accounts.

***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. 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 total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts passed during the fiscal year, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions.

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

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

***D. Cash and Cash Equivalents***

To improve cash management, 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 balance sheet.

During fiscal year 2002, investments were limited to STAROhio.

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. STAROhio 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 STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$316,027, which includes \$39,358 assigned from other School District funds.

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*Notes to the General Purpose Financial Statements*  
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For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments.

***E. Inventory***

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

***F. Prepaid Items***

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

***G. Fixed Assets and Depreciation***

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

Improvements are capitalized. 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. Interest incurred during the construction of general fixed assets is also not capitalized.

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

***H. Short-term Interfund Assets/Liabilities***

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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***I. Compensated Absences***

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

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

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

***J. Accrued Liabilities and Long-Term Obligations***

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

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

***K. Interfund Transactions***

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

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

***L. Fund Balance Reserves***

The School District reserves fund balance for amounts that are legally segregated for specific future use or which does 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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, budget stabilization, textbooks and instructional materials, school bus purchases and property taxes.

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 money set aside to protect against cyclical changes in revenues and expenditures.

***M. Contributed Capital***

Contributed capital represents resources from other funds, other governments and private sources provided to proprietary funds prior to 2001, that is not subject to repayment.

After fiscal year 2000, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital, based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Non-Exchange Transactions." There was no change in contributed capital during the fiscal year.

***N. Restricted Assets***

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the purchase of textbooks and instructional materials and for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

***O. Designation of Fund Balance***

The School District has general fund balance designations of \$54,265 for capital acquisition and \$146,812 for budget stabilization. These amounts represent monies set-aside by the board of education over and above monies legally required to be set-aside.

***P. Estimates***

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

***Q. Total Columns on General Purpose Financial Statements***

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 3 - Compliance**

The following funds had expenditures plus encumbrances greater than appropriations for the fiscal year ended June 30, 2002, a violation of Section 5705.41(B), Revised Code:

Fund	Appropriations	Expenditures plus Encumbrances	Excess
General Fund	\$5,009,231	\$5,030,119	\$20,888
Enterprise Fund:			
Food Service Fund	231,195	232,755	1,560

**Note 4 - Budgetary Basis of Accounting**

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

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$1,038,106	(\$21,394)	\$46,539	\$1,818,226
Revenue Accruals	41,844	(100)	(1,294)	(1,919)
Unrecorded Cash	97	0	0	0
Advances In	36,984	0	0	0
Expenditure Accruals	(101,951)	23,457	0	882,719
Prepaid Items	34,718	0	0	0
Encumbrances	(224,509)	(10,779)	(8)	(681,850)
Advances Out	0	(36,984)	0	0
Budget Basis	\$825,289	(\$45,800)	\$45,237	\$2,017,176

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

	Enterprise
GAAP Basis	\$5,214
Revenue Accruals	(23,592)
Expense Accruals	27,303
Depreciation Expense	10,429
Budget Basis	\$19,354

**Note 5 - Deposits and Investments**

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five 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 accounts, including passbook accounts.

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

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

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

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

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.

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*Notes to the General Purpose Financial Statements*  
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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".

Cash on Hand: At fiscal year end, the School District had \$195 in undeposited cash on hand, which is included on the Balance Sheet of the School District as part of "Cash and Cash Equivalents."

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$9,246,369 and the bank balance was \$9,418,966. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$9,318,966 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

STAROhio	Carrying and Fair Value
	\$1,000,825

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

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement 9	\$10,247,389	\$0
STAROhio	(\$1,000,825)	\$1,000,825
Cash on Hand	(195)	0
GASB Statement 3	\$9,246,369	\$1,000,825



**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
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**Note 6 - Property Taxes**

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

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2002 real property taxes are collected in and intended to finance fiscal year 2003.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2002 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$23,032,680	80%	\$24,461,070	79%
Public Utility Personal	5,363,242	19%	5,734,240	18%
Tangible Personal Property	286,828	1%	1,035,320	3%
Total	<u>\$28,682,750</u>	<u>100%</u>	<u>\$31,230,630</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$28.60		\$28.60	

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable,

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
 June 30, 2002

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only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$9,954 and is recognized as revenue. \$7,639 was available to the General Fund, \$2,139 was available to the Debt Service Fund, and \$176 was available to the Classroom Facilities Special Revenue Fund.

**Note 7 - Receivables**

Receivables at June 30, 2002, consisted of taxes, interest and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
Special Revenue Funds:	
Eisenhower Grant	\$872
Title VI-B Grant	36,633
Title I Grant	69,026
Title VI Grant	3,440
Title VI-R Grant	23,693
Total Special Revenue Funds	133,664
Capital Projects Fund:	
Classroom Facilities Program	1,703,728
Total Intergovernmental Revenues	\$1,837,392

The School District was awarded \$5,284,941 for renovations and additions to various school buildings within the School District under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State grants pay for a portion of the estimated project costs. As of the end of fiscal year 2002, the School District had received \$3,581,213 of the amount awarded under this program. The remaining amount of \$1,703,728 is recorded as a receivable and a deferred revenue on the balance sheet.

**Note 8 - Fixed Assets**

A summary of the enterprise fund's fixed assets at June 30, 2002, follows:

Machinery and Equipment	\$227,040
Less: Accumulated Depreciation	(142,784)
Net Fixed Assets	\$84,256

A summary of the changes in general fixed assets during fiscal year 2002 follows:

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

	Balance 6/30/01	Additions	Deductions	Balance 6/30/02
Land and Improvements	\$500,678	\$0	\$0	\$500,678
Buildings and Improvements	9,037,277	0	0	9,037,277
Furniture, fixtures and Equipment	2,295,754	84,801	72,521	2,308,034
Vehicles	1,051,601	53,918	109,105	996,414
Textbooks	432,406	0	0	432,406
Infrastructure	9,954	0	0	9,954
Construction in Progress	0	1,537,935	0	1,537,935
Total General Fixed Assets	<u>\$13,327,670</u>	<u>\$1,676,654</u>	<u>\$181,626</u>	<u>\$14,822,698</u>

**Note 9 - Jointly Governed Organization and Insurance Purchasing Pool**

**A. Jointly Governed Organizations**

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. Symmes Valley Local School District paid \$5,544 for services provided during fiscal year 2001. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and received direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross CTC, Shawnee State University, and Pike, Ross, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Symmes Valley Local School District's superintendent is currently on the SERRC Board. The fiscal agent for the SERRC is Dawson-Bryant LSD. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45663.

**B. Insurance Purchasing Pool**

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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**Note 10 - Risk Management**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2002, the School District contracted with MARSH USA for property insurance in the amount of \$18,317,700.

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

For fiscal year 2002, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**Note 11 - Defined Benefit Pension Plans**

***A. School Employees Retirement System***

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$30,003, \$20,458, and \$102,602, respectively; 43.63 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$16,911 representing the unpaid contribution for fiscal

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

***B. State Teachers Retirement System***

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost sharing multiple employer public employee retirement system. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$275,089, \$287,671, and \$348,864, respectively; 83.37 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$45,737 represents the unpaid contribution for fiscal year 2002 and is recorded as a liability within the respective funds.

**Note 12 - Postemployment Benefits**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$130,305 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent for fiscal year 2002. 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 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$77,522.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**Note 13 - Other Employee Benefits**

***A. Compensated Absences***

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

***B. Life Insurance and Health Care Benefits***

The School District provides life insurance and accidental death and dismemberment insurance to certified and administrative employees through Community National Assurance Company. The coverage amount is \$30,000 for certified employees and \$30,000 for classified employees. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$826.21 for family coverage and \$287.28 for single coverage and \$536.29 for two party coverage. The School District pays 90% of all three premiums.

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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**Note 14 - Long-Term Obligations**

Changes in long-term obligations of the School District during fiscal year 2002 were as follows:

	Principal Outstanding			Principal Outstanding
	6/30/2001	Additions	Deductions	6/30/2002
Refunding Bonds 1998, Variable Interest	\$1,256,417	\$37,193	\$90,000	\$1,203,610
Energy Conservation Note 1999 4.5%	119,480	0	19,588	99,892
Compensated Absences	418,640	26,550	4,738	440,452
Intergovernmental Payable	40,583	42,425	40,583	42,425
Total General Long-Term Obligations	<u>\$1,835,120</u>	<u>\$106,168</u>	<u>\$154,909</u>	<u>\$1,786,379</u>

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

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

School Improvement General Obligation Bonds - On July 1, 1990, the Symmes Valley Local School District issued \$1,530,000 in voted general obligation bonds for the purpose of constructing a new elementary school and renovation of the high school. The bonds were issued for a 23 year period with final maturity at October 1, 2013. These bonds were refunded in 1998.

On January 26, 1998, the School District issued \$1,408,900 in general obligation refunding bonds which included \$343,900 in capital appreciation bonds (deep discount bonds). The refunding bonds replaced \$1,435,000 of outstanding 1990 School Improvement General Obligation Bonds. Because of the deep discount associated with the issuance of capital appreciation bonds, the School District records the annual accretion of the discount interest in the general long term obligations account group. The bonds were issued for a 23 year period with final maturity at October 1, 2014. The liability for the bonds is recorded in the General Long Term Obligations Account Group with annual principal and interest requirements retired from the Debt Service Fund. Principal outstanding at June 30, 2002 amounted to \$1,203,610 including current year accretion of \$37,193. \$1,540,865 (after premium, underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1990 School Improvement Bonds. As of June 30, 2002, \$1,285,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the general long term obligations account group.

The bond issue consists of serial and capital appreciation bonds. The capital appreciation bonds mature October 1, 2008 through October 1, 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$970,000. For fiscal year 2002, \$37,193 was accreted for a total bond liability of \$488,610. The principal amount to be redeemed on October 1 each year is as follows:

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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

Annual requirements to retire general obligation bonds, including accreted interest of \$626,100, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$95,000	\$36,713	\$131,713
2004	105,000	31,213	136,213
2005	115,000	25,163	140,163
2006	120,000	18,700	138,700
2007	135,000	11,687	146,687
2008-2012	785,000	308,294	1,093,294
2013-2014	330,000	189,828	519,828
Total	<u><u>\$1,685,000</u></u>	<u><u>\$621,598</u></u>	<u><u>\$2,306,598</u></u>

Principal and interest requirements to retire the energy conservation project note outstanding at June 30, 2002, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2003	\$18,843	\$4,077	\$22,920
2004	21,422	3,144	24,566
2005	24,060	2,151	26,211
2006	23,444	1,122	24,566
2007	12,123	160	12,283
Total	<u><u>\$99,892</u></u>	<u><u>\$10,654</u></u>	<u><u>\$110,546</u></u>

The School District's overall legal debt margin was \$3,021,603, with an unvoted debt margin of \$31,231 at June 30, 2002.

**Note 15 – Contractual Commitments**

The School District has entered into contracts with various vendors for the design, renovation and additions to existing buildings in the School District, totaling \$4,377,253. The amount expended on these contracts through June 30, 2002 totaled \$1,472,054. Outstanding purchase commitments at June 30, 2002 totaled \$2,905,199 and are as follows:



**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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<u>Company</u>	<u>Project</u>	<u>Amount Remaining On Contract</u>
BBL/DAG, Inc.	Construction Manager	\$ 92,065
Tanner, Stone and Company	Professional Design Services	\$ 34,077
J&H Reinforcing and Structural Erectors, Inc.	General Trades Construction	\$1,233,191
JMK Electric Company	High School Electrical Work	\$ 626,998
Glennco	High School HVAC Work	\$ 476,656
BB&E Plumbing	High School Plumbing Work	\$ 146,276
Brewer and Company	Fire Protection	\$ 99,185
Boggs Company	High School Roofing Work	\$ 74,300
Wasserstrom Company	High School Food Service	\$ 120,789
Keen and Cross, Inc.	High School Asbestos Abatement	\$ 1,662

**Note 16 - Contingencies**

***A. Grants***

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

***B. Litigation***

The School District is not a party to legal proceedings.

**Note 17 - Set-Aside Calculations and Fund Reserves**

The Symmes Valley Local 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. Effective April 10, 2001,

**Symmes Valley Local School District**  
*Notes to the General Purpose Financial Statements*  
*June 30, 2002*

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through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for budget stabilization was deleted from law. The bill placed special conditions on any Bureau of Workers' Compensation refunds remaining in the budget reserve.

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

	Budget		Capital
	Stabilization	Textbooks	Acquisition
Set-aside Reserve Balance as of June 30, 2001	\$42,941	\$70,160	(\$11,108)
Current Year Set-aside Requirement	0	113,350	113,350
Offsets	0	0	(15,612)
Qualifying Disbursements	0	(108,056)	(129,060)
Totals	<u>\$42,941</u>	<u>\$75,454</u>	<u>(\$42,430)</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$75,454</u>	<u>(\$42,430)</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$42,941</u>	<u>\$75,454</u>	<u>\$0</u>

The School District had offsets and qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount below zero. The extra amount in the capital improvements set-aside may be used to reduce the set-aside requirement of future years. The total reserve balance for budget stabilization and textbook set-asides at the end of the fiscal year was \$118,395.

**Note 18 - School Funding Court Decision**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision reaffirmed earlier decisions that Ohio's current school-funding plan is unconstitutional.

The Supreme Court relinquished jurisdiction over the case and directed " the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient..." The school District is currently unable to determine what effect, if any, this decision will have on its future State funding and its financial operations.

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$ 22,423	\$	\$ 22,210
National School Breakfast Program	O5-PU01	10.553	58,263		58,263	
National School Lunch Program	LL-P101	10.555	<u>115,644</u>		<u>115,644</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>173,907</u>	<u>22,423</u>	<u>173,907</u>	<u>22,210</u>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Education Agencies	C1s1-2001, C1s1-2002	84.010	315,833		317,186	
Special Education Grants to States (IDEA Part B)	6BSF-2002	84.027	112,165		57,903	
Drug Free Schools	DRS1	84.186	6,374		1,156	
Goals 2001	G2s9-2001	84.276	10,000		14,377	
Eisenhower Professional Development	MSS1-2002	84.281	7,850		3,175	
Innovative Educational Program Strategies	C2s1-2002	84.298	1,405		5,545	
Class Size Reduction	CRs1-2001, CRs1-2002	84.340	<u>37,281</u>		<u>49,457</u>	
Total U.S. Department of Education			<u>490,908</u>	<u>0</u>	<u>448,799</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 664,815</u></b>	<b><u>\$ 22,423</u></b>	<b><u>\$ 622,706</u></b>	<b><u>\$ 22,210</u></b>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2002**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B – FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at fair market value of the commodities received and disbursed. Monies are commingled with the State grants. It is assumed federal monies are expended first. At June 30, 2002, the School District had \$1,228 in inventory.



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

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Symmest Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated January 27, 2003. 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 School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 27, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration in the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 27, 2003.

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

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

A handwritten signature in black ink that reads "Betty Montgomery". The signature is written in a cursive, flowing style.

**Betty Montgomery**  
Auditor of State

January 27, 2003



**Auditor of State  
Betty Montgomery**

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2002.

### **Internal Control over Compliance**

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

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

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



**Betty Montgomery**  
Auditor of State

January 27, 2003



**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
JUNE 30, 2002  
(Continued)**

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

None.

**3. FINDINGS FOR FEDERAL AWARDS**

None.



**Auditor of State  
Betty Montgomery**

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**SYMMES VALLEY LOCAL SCHOOL DISTRICT**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 18, 2003**