



**Auditor of State  
Betty Montgomery**



VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY

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**INDEPENDENT ACCOUNTANTS' REPORT**

Vinton County Local School District  
Vinton County  
307 West High Street  
McArthur, Ohio 45651

To the Board of Education:

We have audited the accompanying general purpose financial statements of Vinton County Local School District, Vinton County, Ohio (the 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 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 Vinton County Local School District, Vinton 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 February 25, 2003, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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**Betty Montgomery**  
Auditor of State

February 25, 2003

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**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 2002**

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Cash and Cash Equivalents	\$7,250,079	\$832,619	\$341,233	\$1,582,515
<i>Receivables:</i>				
Taxes	2,787,572	73,520	486,830	0
Intergovernmental	3,360	581,810	0	0
Interfund	170,515	0	0	0
Accrued Interest	11,613	0	0	0
Inventory Held for Resale	0	0	0	0
Prepaid Items	12,165	0	0	0
<i>Restricted Assets:</i>				
Cash and Cash Equivalents	820,962	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$11,056,266</b>	<b>\$1,487,949</b>	<b>\$828,063</b>	<b>\$1,582,515</b>
<b><u>Liabilities, Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$75,691	\$25,372	\$0	\$0
Contracts Payable	36,137	3,562	0	180,267
Accrued Wages and Benefits Payable	1,416,946	391,379	0	0
Compensated Absences Payable	26,086	8,668	0	0
Intergovernmental Payable	246,584	58,779	0	0
Interfund Payable	0	113,306	0	55,262
Deferred Revenue	2,787,116	412,104	486,750	0
Due to Students	0	0	0	0
Capital Leases Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>4,588,560</b>	<b>1,013,170</b>	<b>486,750</b>	<b>235,529</b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
<i>Retained Earnings:</i>				
Unreserved	0	0	0	0
<i>Fund Balance:</i>				
Reserved for Encumbrances	497,558	228,048	0	10,139
Reserved for Property Taxes	456	12	80	0
Reserved for Statutory Set-Asides	160,366	0	0	0
Reserved for Bus Purchases	379,505	0	0	0
<i>Unreserved:</i>				
Undesignated	5,429,821	246,719	341,233	1,336,847
<b>Total Fund Equity and Other Credits</b>	<b>6,467,706</b>	<b>474,779</b>	<b>341,313</b>	<b>1,346,986</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$11,056,266</b>	<b>\$1,487,949</b>	<b>\$828,063</b>	<b>\$1,582,515</b>



<i>PROPRIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Agency	General Fixed Assets	General Long-Term Obligations	
\$153,696	\$63,038	\$47,303	\$0	\$0	\$10,270,483
0	0	0	0	0	3,347,922
0	0	0	0	0	585,170
0	0	0	0	0	170,515
0	0	0	0	0	11,613
11,831	0	0	0	0	11,831
0	0	0	0	0	12,165
0	0	0	0	0	820,962
102,782	0	0	21,338,775	0	21,441,557
0	0	0	0	341,313	341,313
0	0	0	0	4,788,524	4,788,524
<u>\$268,309</u>	<u>\$63,038</u>	<u>\$47,303</u>	<u>\$21,338,775</u>	<u>\$5,129,837</u>	<u>\$41,802,055</u>
\$0	\$0	\$0	\$0	\$0	\$101,063
0	0	0	0	0	219,966
55,428	0	0	0	0	1,863,753
12,458	0	0	0	505,971	553,183
25,152	0	0	0	119,892	450,407
0	0	1,947	0	0	170,515
0	0	0	0	0	3,685,970
0	0	45,356	0	0	45,356
0	0	0	0	53,974	53,974
0	0	0	0	4,450,000	4,450,000
<u>93,038</u>	<u>0</u>	<u>47,303</u>	<u>0</u>	<u>5,129,837</u>	<u>11,594,187</u>
0	0	0	21,338,775	0	21,338,775
175,271	63,038	0	0	0	238,309
0	0	0	0	0	735,745
0	0	0	0	0	548
0	0	0	0	0	160,366
0	0	0	0	0	379,505
0	0	0	0	0	7,354,620
<u>175,271</u>	<u>63,038</u>	<u>0</u>	<u>21,338,775</u>	<u>0</u>	<u>30,207,868</u>
<u>\$268,309</u>	<u>\$63,038</u>	<u>\$47,303</u>	<u>\$21,338,775</u>	<u>\$5,129,837</u>	<u>\$41,802,055</u>

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**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures**  
**and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2002**

**GOVERNMENTAL FUND TYPES**

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b><u>Revenues:</u></b>					
Taxes	\$2,366,604	\$63,038	\$419,553	\$0	\$2,849,195
Intergovernmental	12,267,501	3,450,079	23,174	98,395	15,839,149
Interest	267,517	0	0	38,984	306,501
Tuition and Fees	88,347	0	0	0	88,347
Rent	26,634	0	0	0	26,634
Extracurricular Activities	0	180,303	0	0	180,303
Gifts and Donations	0	34,831	0	0	34,831
Miscellaneous	271,452	4,935	0	300	276,687
<b>Total Revenues</b>	<b>15,288,055</b>	<b>3,733,186</b>	<b>442,727</b>	<b>137,679</b>	<b>19,601,647</b>
<b><u>Expenditures:</u></b>					
<b>Current:</b>					
<b>Instruction:</b>					
Regular	5,433,820	1,438,265	0	0	6,872,085
Special	1,300,107	611,988	0	0	1,912,095
Vocational	179,481	0	0	0	179,481
Other	50,122	0	0	0	50,122
<b>Support Services:</b>					
Pupils	603,131	801,729	0	0	1,404,860
Instructional Staff	462,643	555,380	0	0	1,018,023
Board of Education	282,499	2,644	19,029	0	304,172
Administration	1,130,424	335,084	0	0	1,465,508
Fiscal	239,849	0	0	0	239,849
Operation and Maintenance of Plant	1,374,414	26,701	0	0	1,401,115
Pupil Transportation	1,172,692	34,662	0	0	1,207,354
Central	3,536	2,595	0	0	6,131
Non-Instructional Services	56,366	0	0	0	56,366
Extracurricular Activities	112,667	68,400	0	0	181,067
Capital Outlay	220,968	0	0	1,044,974	1,265,942
<b>Debt Service:</b>					
Principal Retirement	15,208	0	145,000	0	160,208
Interest and Fiscal Charges	20,022	0	223,927	0	243,949
<b>Total Expenditures</b>	<b>12,657,949</b>	<b>3,877,448</b>	<b>387,956</b>	<b>1,044,974</b>	<b>17,968,327</b>
Excess of Revenues Over (Under) Expenditures	2,630,106	(144,262)	54,771	(907,295)	1,633,320
<b><u>Other Financing Sources (Uses):</u></b>					
Operating Transfers In	0	0	0	580,092	580,092
Proceeds From Sale of Fixed Assets	9,531	0	0	0	9,531
Inception of Capital Leases	19,325	0	0	0	19,325
Operating Transfers Out	(580,092)	0	0	0	(580,092)
<b>Total Other Financing Sources (Uses)</b>	<b>(551,236)</b>	<b>0</b>	<b>0</b>	<b>580,092</b>	<b>28,856</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,078,870	(144,262)	54,771	(327,203)	1,662,176
Fund Balances (Deficit) at Beginning of Year	4,388,836	619,041	286,542	1,674,189	6,968,608
Fund Balances (Deficit) at End of Year	<u>\$6,467,706</u>	<u>\$474,779</u>	<u>\$341,313</u>	<u>\$1,346,986</u>	<u>\$8,630,784</u>

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2002**

	<b>GENERAL FUND</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Taxes	\$2,388,895	\$2,372,480	(\$16,415)
Intergovernmental	12,354,803	12,267,502	(87,301)
Interest	285,000	274,479	(10,521)
Tuition and Fees	90,166	88,347	(1,819)
Rent	28,000	26,634	(1,366)
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Services	200	0	(200)
Miscellaneous	281,102	271,452	(9,650)
<i>Total Revenues</i>	<u>15,428,166</u>	<u>15,300,894</u>	<u>(127,272)</u>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	5,477,181	5,282,361	194,820
Special	1,314,530	1,236,758	77,772
Vocational	180,029	172,838	7,191
Other	65,850	61,775	4,075
<i>Support Services:</i>			
Pupils	759,861	566,046	193,815
Instructional Staff	585,746	452,348	133,398
Board of Education	518,081	295,945	222,136
Administration	1,199,521	1,113,557	85,964
Fiscal	269,521	245,733	23,788
Operation and Maintenance of Plant	1,734,697	1,557,126	177,571
Pupil Transportation	1,598,706	1,265,975	332,731
Central	5,300	4,013	1,287
Non-Instructional Services	57,200	53,888	3,312
Extracurricular Activities	138,336	111,825	26,511
Capital Outlay	286,327	246,702	39,625
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>14,190,886</u>	<u>12,666,890</u>	<u>1,523,996</u>
Excess of Revenues Over (Under) Expenditures	1,237,280	2,634,004	1,396,724
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	0	0	0
Proceeds From Sale of Fixed Assets	9,400	9,531	131
Advances In	177	0	(177)
Operating Transfers Out	(580,092)	(580,092)	0
Advances Out	(113,306)	(113,306)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(683,821)</u>	<u>(683,867)</u>	<u>(46)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	553,459	1,950,137	1,396,678
Fund Balances at Beginning of Year	5,157,423	5,157,423	0
Prior Year Encumbrances Appropriated	416,444	416,444	0
Fund Balances at End of Year	<u>\$6,127,326</u>	<u>\$7,524,004</u>	<u>\$1,396,678</u>

**GOVERNMENTAL FUND TYPES**

<i>SPECIAL REVENUE FUNDS</i>			<i>DEBT SERVICE FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$61,950	\$63,026	\$1,076	\$419,550	\$419,473	(\$77)
4,345,487	3,276,865	(1,068,622)	23,500	23,174	(326)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
169,610	180,303	10,693	0	0	0
40,752	34,831	(5,921)	0	0	0
0	0	0	0	0	0
5,039	4,935	(104)	0	0	0
<u>4,622,838</u>	<u>3,559,960</u>	<u>(1,062,878)</u>	<u>443,050</u>	<u>442,647</u>	<u>(403)</u>
1,735,591	1,481,179	254,412	0	0	0
901,979	624,369	277,610	0	0	0
5,861	1,500	4,361	0	0	0
0	0	0	0	0	0
1,071,341	863,765	207,576	0	0	0
651,230	572,423	78,807	0	0	0
2,914	2,644	270	19,040	19,029	11
439,920	362,324	77,596	0	0	0
0	0	0	0	0	0
56,802	55,404	1,398	0	0	0
132,333	35,384	96,949	0	0	0
5,519	4,500	1,019	0	0	0
0	0	0	0	0	0
97,387	87,904	9,483	0	0	0
100,000	0	100,000	0	0	0
0	0	0	145,000	145,000	0
0	0	0	223,927	223,927	0
<u>5,200,877</u>	<u>4,091,396</u>	<u>1,109,481</u>	<u>387,967</u>	<u>387,956</u>	<u>11</u>
(578,039)	(531,436)	46,603	55,083	54,691	(392)
0	0	0	0	0	0
0	0	0	0	0	0
113,306	113,306	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
<u>113,306</u>	<u>113,306</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
(464,733)	(418,130)	46,603	55,083	54,691	(392)
744,223	744,223	0	286,542	286,542	0
256,334	256,334	0	0	0	0
<u>\$535,824</u>	<u>\$582,427</u>	<u>\$46,603</u>	<u>\$341,625</u>	<u>\$341,233</u>	<u>(\$392)</u>

(Continued)

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund (Continued)**  
**For the Fiscal Year Ended June 30, 2002**

	<b>CAPITAL PROJECTS FUNDS</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>			
Taxes	\$0	\$0	\$0
Intergovernmental	112,195	98,395	(13,800)
Interest	39,150	38,984	(166)
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Customer Services	0	0	0
Miscellaneous	300	300	0
<b>Total Revenues</b>	<b>151,645</b>	<b>137,679</b>	<b>(13,966)</b>
<b><u>Expenditures:</u></b>			
<i>Current:</i>			
<i>Instruction:</i>			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Other	0	0	0
<i>Support Services:</i>			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	1,429,317	947,412	481,905
<i>Debt Service:</i>			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>1,429,317</b>	<b>947,412</b>	<b>481,905</b>
Excess of Revenues Over (Under) Expenditures	(1,277,672)	(809,733)	467,939
<b><u>Other Financing Sources (Uses):</u></b>			
Operating Transfers In	580,092	580,092	0
Proceeds From Sale of Fixed Assets	0	0	0
Advances In	0	0	0
Operating Transfers Out	0	0	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>580,092</b>	<b>580,092</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(697,580)	(229,641)	467,939
Fund Balances at Beginning of Year	1,660,990	1,660,990	0
Prior Year Encumbrances Appropriated	141,028	141,028	0
<b>Fund Balances at End of Year</b>	<b>\$1,104,438</b>	<b>\$1,572,377</b>	<b>\$467,939</b>

**TOTALS (MEMORANDUM ONLY)**

Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,870,395	\$2,854,979	(\$15,416)
16,835,985	15,665,936	(1,170,049)
324,150	313,463	(10,687)
90,166	88,347	(1,819)
28,000	26,634	(1,366)
169,610	180,303	10,693
40,752	34,831	(5,921)
200	0	(200)
286,441	276,687	(9,754)
<u>20,645,699</u>	<u>19,441,180</u>	<u>(1,204,519)</u>
7,212,772	6,763,540	449,232
2,216,509	1,861,127	355,382
185,890	174,338	11,552
65,850	61,775	4,075
1,831,202	1,429,811	401,391
1,236,976	1,024,771	212,205
540,035	317,618	222,417
1,639,441	1,475,881	163,560
269,521	245,733	23,788
1,791,499	1,612,530	178,969
1,731,039	1,301,359	429,680
10,819	8,513	2,306
57,200	53,888	3,312
235,723	199,729	35,994
1,815,644	1,194,114	621,530
145,000	145,000	0
223,927	223,927	0
<u>21,209,047</u>	<u>18,093,654</u>	<u>3,115,393</u>
(563,348)	1,347,526	1,910,874
580,092	580,092	0
9,400	9,531	131
113,483	113,306	(177)
(580,092)	(580,092)	0
(113,306)	(113,306)	0
<u>9,577</u>	<u>9,531</u>	<u>(46)</u>
(553,771)	1,357,057	1,910,828
7,849,178	7,849,178	0
813,806	813,806	0
<u>\$8,109,213</u>	<u>\$10,020,041</u>	<u>\$1,910,828</u>

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Revenues,**  
**Expenses and Changes in Retained Earnings**  
**Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2002**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Operating Revenues:</u></b>			
Sales	\$299,241	\$0	\$299,241
Charges for Services	0	101,335	101,335
Other Operating Revenues	1,000	0	1,000
<i>Total Operating Revenues</i>	<u>300,241</u>	<u>101,335</u>	<u>401,576</u>
<b><u>Operating Expenses:</u></b>			
Salaries	267,494	0	267,494
Fringe Benefits	145,371	0	145,371
Purchased Services	20,333	183,172	203,505
Materials and Supplies	58,418	0	58,418
Cost of Sales	365,116	0	365,116
Depreciation	13,074	0	13,074
<i>Total Operating Expenses</i>	<u>869,806</u>	<u>183,172</u>	<u>1,052,978</u>
Operating Income (Loss)	(569,565)	(81,837)	(651,402)
<b><u>Nonoperating Revenues:</u></b>			
Federal Donated Commodities	77,393	0	77,393
Interest Income	2,376	0	2,376
Federal and State Subsidies	491,418	0	491,418
<i>Total Nonoperating Revenues</i>	<u>571,187</u>	<u>0</u>	<u>571,187</u>
Net Income (Loss)	1,622	(81,837)	(80,215)
Retained Earnings at Beginning of Year, As Restated	<u>173,649</u>	<u>144,875</u>	<u>318,524</u>
Retained Earnings at End of Year	<u><u>\$175,271</u></u>	<u><u>\$63,038</u></u>	<u><u>\$238,309</u></u>



**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Cash Flows**  
**Proprietary Fund Types**  
**For the Fiscal Year Ended June 30, 2002**

	Enterprise	Internal Service	Totals (Memorandum Only)
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Sales	\$299,241	\$0	\$299,241
Cash Received from Quasi-External Transactions with Other Funds	0	101,335	101,335
Cash Payments for Employees Services and Benefits	(389,533)	0	(389,533)
Cash Payments to Suppliers for Goods and Services	(377,902)	(183,172)	(561,074)
Other Operating Receipts	1,000	0	1,000
<i>Net Cash from Operating Activities</i>	(467,194)	(81,837)	(549,031)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	544,258	0	544,258
<i>Net Cash from Noncapital Financing Activities</i>	544,258	0	544,258
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Cash Payments for Capital Acquisitions	(1,670)	0	(1,670)
<i>Net Cash from Capital and Related Financing Activities</i>	(1,670)	0	(1,670)
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest Received on Investments	2,376	0	2,376
<i>Net Cash from Investing Activities</i>	2,376	0	2,376
Net Increase (Decrease) in Cash and Cash Equivalents	77,770	(81,837)	(2,397)
Cash and Cash Equivalents at Beginning of Year	75,926	144,875	220,801
Cash and Cash Equivalents at End of Year	\$153,696	\$63,038	\$216,734
<b><u>Reconciliation of Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Operating Income (Loss)	(\$569,565)	(\$81,837)	(\$651,402)
<b><u>Adjustments to Reconcile Operating Income (Loss)</u></b>			
<b><u>to Net Cash from Operating Activities:</u></b>			
Depreciation	13,074	0	13,074
Donated Commodities Revenue Recognized During Year	77,393	0	77,393
<i>Changes in Assets and Liabilities:</i>			
(Increase) Decrease in Inventory Held for Resale	(2,302)	0	(2,302)
Increase (Decrease) in Accounts Payable	(3,993)	0	(3,993)
Increase (Decrease) in Accrued Wages and Benefits Payable	11,722	0	11,722
Increase (Decrease) in Intergovernmental Payable	7,200	0	7,200
Increase (Decrease) in Compensated Absences Payable	4,410	0	4,410
Increase (Decrease) in Deferred Revenue	(5,133)	0	(5,133)
Total Adjustments	102,371	0	102,371
Net Cash from Operating Activities	(467,194)	(81,837)	(549,031)

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**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

**Description of the School District**

Vinton County Local School District (the "District") is organized under Article VI, Section 2 and 3 of the Constitution of the State of Ohio. The District provides educational services as authorized by State statute and/or federal guidelines. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The Board controls the District's seven (7) instructional support facilities staffed by 119 non-certificated, 193 teaching personnel, and 14 administrative employees providing education to approximately 2,588 students.

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

**Reporting Entity**

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

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

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

- Parent Teacher Organization
- Booster Club

The District is associated with five organizations, four of which are defined as jointly governed organizations, and one is a group purchasing pool. These organizations are the South Central Ohio Computer Association, the Gallia-Jackson-Vinton Joint Vocational School District, the Gallia-Vinton Educational Service Center, the Southeastern Ohio Special Education Regional Resource Center, and the Ohio School Boards Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**Basis of Presentation - Fund-Accounting**

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

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

For financial statement presentation purposes, the various funds of the 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 District are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**General Fund** - The general fund is the operating fund of the 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 District for any purpose provided it is expended or transferred according to the general laws of Ohio.

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

**Debt Service Fund** - The debt service fund accounts 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 or trust funds).

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

**Proprietary Fund Types:**

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

**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.

**Internal Service Funds** - Internal service funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

**Fiduciary Fund Type:**

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. The following is the District's only fiduciary fund type:

**Agency Funds** - These funds are custodial in nature (assets equal liabilities) and thus do not involve measurement of results of operations.

**Account Groups:**

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

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

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

**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 funds' 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 governmental and agency funds. The full accrual basis of accounting is followed for 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 District, available means expected to be received within sixty days of the fiscal year end.

Nonexchange transactions, in which the District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On the accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. 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 District must provide local resources to be used for a specified purpose; and expenditure requirements, in which the resources are provided to the District on a reimbursement basis. On the 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 year end: property taxes available as an advance, interest, tuition, student fees and grants.

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.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

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. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in governmental funds.

The accrual basis of accounting is utilized for reporting purposes by proprietary funds. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

**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 appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**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 Vinton County Budget Commission for rate determination.

**Estimated Resources:** Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which state the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2002. At June 30, the District's estimated receipts exceeded actual receipts and appropriations exceeded estimated resources for various funds which is contrary to the Revised Code.

**Appropriations:** Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the fund level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education. The Board may pass supplemental fund

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

**Encumbrances:** As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental and expendable trust funds.

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

**Cash and Investments**

To improve cash management, all cash received by the District is pooled in a central bank account. Monies for all funds, including proprietary funds are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Cash and Cash Equivalents" on the combined balance sheet. During fiscal year 2002, the District's investments were limited to STAROhio, certificates of deposit, and discount notes.

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2002. STAROhio 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.

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 \$267,517, which includes \$47,275 assigned from other District funds. In addition, the Permanent Improvement and School Construction Capital Project Funds and the Food Service Enterprise Funds were credited with \$5,735, \$33,249 and \$2,376, respectively, in interest revenue.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of a cash management pool or investments with a maturity of three months or less at the time they are purchased by the District would be considered to be cash equivalents.



**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

**Inventory**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower 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. The District had no material and supplies in the governmental funds as of June 30, 2002. Inventories of proprietary funds consist of donated food, purchased food, lunchroom supplies, and school supplies held for resale and are expended when used.

**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.

**Restricted Assets**

Restricted assets in the General Fund represent cash and cash equivalents set aside to establish a reserve for textbooks, capital improvements and school bus purchases. A reserve for budget stabilization is no longer required by State statute. A corresponding fund balance reserve has also been established for each set aside amount.

**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 funds. 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 values as of the date received. The District maintains a capitalization threshold of \$1,500.

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

Assets in the General Fixed Assets Account Group are depreciated using the straight-line method over an estimated useful life of 25 to 50 years for buildings, 20 to 30 years for improvements other than buildings, 6 to 15 years for furniture, equipment and fixtures, and 5 to 10 years for vehicles. Depreciation of furniture and equipment, the only proprietary fund type fixed asset classification, is computed using the straight-line method over an estimated useful life of 10 to 15 years.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

**Interfund Assets/Liabilities**

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the combined balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

**Compensated Absences**

Vacation benefits and salary related payments are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributed to services already rendered and it is probable that the employer will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits and salary related payments are accrued as a liability using the vesting method. The liability is based on the sick leave accumulated at June 30 by those employees who are eligible to receive termination payments and by those employees for whom it is probable will become eligible to receive termination benefits in the future. The amount is based on accumulated sick leave and employees' wage rates at year end, taking into consideration any limits specified in the District's termination policy.

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.

**Accrued Liabilities and Long-Term Obligations**

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the General Long-Term Obligations Account Group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year end are considered not to have used current available financial resources. Long-term loans 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.

**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.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

**Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that a portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, property taxes, statutory set-asides and school bus purchases.

**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.

**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 consideration. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 3 - PRIOR PERIOD ADJUSTMENTS**

The District increased the capitalization threshold, revised the estimated useful lives, and had a professional appraisal company perform a new valuation of its fixed assets. As a result, the prior period fixed asset values in the Enterprise Fund, Internal Service Fund, and General Fixed Asset Account Group changed and had the following effects on the retained earnings of the funds and account balance of the account group:

	Enterprise	Internal Service	General Fixed Asset Account Group
Retained Earnings/Account Balance at June 30, 2001	\$115,139	\$147,445	\$24,156,285
Net Changes Due to Modifications in Capitalization Threshold and Useful Lives, and New Appraisal	58,510	(2,570)	(3,064,092)
Retained Earnings/Account Balance Restated at June 30, 2001	\$173,649	\$144,875	\$21,092,193

These changes had the effect of decreasing net income of the prior period in the Enterprise Fund by \$6,351 and increasing net income of the prior period in the Internal Service Fund by \$396.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

While the District is reporting financial position, results of operations and changes in fund balance on the basis of generally accepted accounting principles (GAAP), the budget basis as provided by law and described above 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 is presented on the budget 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.
4. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

The following table summarizes the adjustments necessary to reconcile the GAAP and budget basis statements by fund type:

	Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Sources All Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$2,078,869	(\$144,262)	\$54,771	(\$327,203)
<i>Adjustments:</i>				
Revenue Accruals	12,840	(173,226)	(80)	0
Expenditure Accruals	( 8,941)	(213,948)	0	97,562
Other Financing Sources/Uses	(132,631)	113,306	0	0
Budget Basis	\$1,950,137	(\$418,130)	\$54,691	(\$229,641)

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 5 -ACCOUNTABILITY**

**Fund Deficits**

Fund balances at June 30, 2002, included the following individual fund deficits:

<i>Special Revenue Funds:</i>	
Teacher Development	\$8
DPIA	74,077
Title VI-B	55,755
Title VI-R	58,717
<i>Capital Project Fund:</i>	
Emergency Building Repair	15,085

The deficits in these funds are the result of applying generally accepted accounting principles and the requirement to accrue liabilities when incurred. These deficits do not exist on the cash basis. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS**

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

Inactive deposits are public deposits that the Board has identified as not required for use within the current two year period of designation of depositories. Inactive deposits must be either 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 moneys. Interim moneys are those moneys which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts including passbook accounts.

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

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS** - (Continued)

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

- (1) United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal or interest by the United States;
- (2) Bonds, Notes, Debentures, or any other obligations or securities issued by any federal government 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 fair 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 fair value daily, and that the term of the agreement must not exceed thirty days;
- (4) Bonds and other obligations of the State of Ohio;
- (5) No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section, and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- (6) The State Treasurer's investment pool (STAROhio); and
- (7) Certain banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of interim monies available for investment at any time.

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

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

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 6 - CASH, DEPOSITS AND INVESTMENTS** - (Continued)

**Deposits:** At year-end, the carrying amount of the District's deposits was \$2,977,462 and the bank balance was \$3,246,442. Of the bank balance, \$200,000 was covered by federal depository insurance. The remaining amounts were protected by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The market value of the pooled collateral must equal 105 percent of public funds on deposit. Although the securities serving as collateral were held by the pledging financial institutions' trust department in the District's name and all State statutory requirements for the investments of money had been followed, noncompliance with federal requirements would potentially subject the money to a successful claim by the Federal Deposit Insurance Corporation.

**Investments:** The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the 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 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 District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Discount Notes	\$587,855	\$587,855	\$587,855
STAR Ohio	--	7,526,128	7,526,128
Totals	\$587,855	\$8,113,983	\$8,113,983

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement No. 9	\$11,091,445	\$0
<i>Investments:</i>		
Discount Notes	(587,855)	587,855
STAROhio	(7,526,128)	7,526,128
GASB Statement No. 3	\$2,977,462	\$8,113,983

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 7 - PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility and tangible personal (used in business) property located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31, of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31. Tangible personal property assessments are 25 percent of true value.

Real property taxes are paid by taxpayers annually or semi-annually. If paid annually, payment is due December 31, unless extended; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later 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 semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

The District receives property taxes from Vinton, Gallia, Jackson and Hocking Counties. The County Auditors periodically advance to the District their portion of the taxes collected. Second-half real property tax payments collected by each 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 represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002 is reported as fund balance - reserved for property taxes. As of June 30, 2002, there was \$456 in the General Fund, \$12 in the Capital Facilities Maintenance Special Revenue Fund and \$80 in the Bond Retirement Debt Service Fund available as an advance to the District.

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	\$99,738,910	73.47%	\$103,158,050	72.80%
Public Utility Personal	22,324,841	16.45%	25,836,520	18.24%
Tangible Personal Property	13,686,885	10.08%	12,698,568	8.96%
Total Assessed Value	<u>\$135,750,636</u>	<u>100.00%</u>	<u>\$141,693,138</u>	<u>100.00%</u>
Tax Rate per \$1,000 of Assessed Valuation		\$22.52		\$22.52



**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 8 - RECEIVABLES**

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

<i>General Fund:</i>	
Income Tax	\$3,360
<i>Special Revenue Funds:</i>	
Title I	176,479
Miscellaneous Federal Grants	405,331
Total Special Revenue Funds	581,810
Total All Funds	\$585,170

**NOTE 9 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 2001, the District contracted with various commercial carriers for property and fleet insurance, liability insurance, inland marine coverage, and public official bonds. Coverages provided are as follows:

Building and Contents - replacement cost (\$1,000 deductible)	\$45,588,366
Inland Marine Coverage (\$250 deductible)	2,500,000
Musical Instruments (\$100 deductible)	70,938
Automobile Liability (\$100 deductible):	
Per Person	1,000,000
Per Accident	3,000,000
Uninsured Motorists (\$100 deductible):	
Per Person	1,000,000
Per Accident	3,000,000
General Liability:	
Per Occurrence	1,000,000
Total Per Year	3,000,000
Public Official Bonds:	
Treasurer	100,000
Superintendent	20,000

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 9 - RISK MANAGEMENT** - (Continued)

Settled claims have not exceeded this commercial coverage in any of the past three years. The District has made significant changes in coverage during the past fiscal year. The District increased its coverage on the building and its contents and eliminated the builders risk coverage since it is no longer needed.

For fiscal year 2002, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Plan (the "Plan"), an insurance purchasing pool (Note 20). The intent of the Plan is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the Plan. 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 Plan. Each participant pays its workers' compensation premium to the State based on the rate for the Plan rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the Plan. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan's selection criteria. The firm Gates McDonald & Co. provides administrative, cost control and actuarial services to the Plan.

During fiscal year 2001, the District converted to a fully funded insurance program, therefore there was no claims activity during fiscal year 2002 nor any claims liability at year end. The claims activity for fiscal year 2001 follows:

Fiscal Year	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2001	\$68,875	\$354,026	\$422,901	\$0

**NOTE 10 - FIXED ASSETS**

A summary of the proprietary funds' fixed assets at June 30, 2002 follows:

	Enterprise
Furniture and Equipment	\$280,345
Less: Accumulated Depreciation	(177,563)
Net Fixed Assets	\$102,782

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 10 - FIXED ASSETS** - (Continued)

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

Asset Category	Balance at June 30, 2001	Additions	Deletions	Balance at June 30, 2002
Land and Land Improvements	\$2,812,888	\$10,085	\$0	\$2,822,973
Buildings	20,394,319	961,061	0	21,355,380
Furniture and Equipment	2,364,959	245,424	0	2,610,383
Vehicles	2,048,579	0	0	2,048,579
Totals	\$27,620,745	<u>\$1,216,570</u>	<u>\$0</u>	28,837,315
Less: Accumulated Depreciation	<u>(6,528,552)</u>			<u>(7,498,540)</u>
Net Fixed Assets	<u>\$21,092,193</u>			<u>\$21,338,775</u>

At June 30, 2002, net fixed assets include \$50,418 of equipment under capitalized leases.

**NOTE 11 - DEFINED BENEFIT PENSION PLANS**

**School Employees Retirement System**

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by State statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio, 43215-3746 or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current rate for the District is 14 percent of annual covered payroll. A portion of the 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 used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$101,714, \$42,090, and \$103,155 respectively; 49.94 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$50,922 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 11 - DEFINED BENEFIT PENSION PLANS** - (Continued)

**State Teachers Retirement System**

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Of the District's contribution, 9.5 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$772,471, \$310,934, and \$441,176 respectively; 82.56 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$134,751 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

**Social Security System**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, none of the seven members of the Board of Education have elected Social Security. If elected, the Board's liability is 6.2 percent of wages paid.

**NOTE 12 - POSTEMPLOYMENT BENEFITS**

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

For STRS, all benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For fiscal year 2002, the Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$365,907 during fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3.256 billion at June 30, 2001. 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.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 12 - POSTEMPLOYMENT BENEFITS** (Continued)

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

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. For fiscal year 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. 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 health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001 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. For the District, the amount to fund health care benefits, including the surcharge, equaled \$260,462 during the 2002 fiscal year.

**NOTE 13 - EMPLOYEE BENEFITS**

**Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators do not earn vacation time, with the exception of the Superintendent and Treasurer. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days. Upon retirement, payment is made for twenty-five percent of the employee's accumulated sick leave up to a maximum of 49 days for certified and administrative employees and 50 days for non-certificated employees.

Additionally, certified employees with 30 years but less than 31 years of service are eligible for a \$40,000 severance bonus. Certified employees with 31 years but less than 32 years of service are eligible for a \$20,000 severance bonus while those with 32 years but less than 33 years of service are eligible for a \$15,000 severance bonus. Any certified employees who complete 33 years of service are no longer eligible for any severance bonus.

The amount of accumulated vacation, sick leave and related salary payments of employees paid from governmental funds is recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the General Long-Term Obligations Account Group. Vacation, sick leave and related salary payments for employees paid from proprietary funds is recorded as an expense and liability of the fund.

For governmental funds, the General Fund, and DPIA, Title I, and Miscellaneous Federal Grant Special Revenue Funds reported a liability for the current portion of compensated absences at June 30, 2002 of \$26,086, \$2,251, \$2,137 and \$4,280, respectively, while the remaining balance of \$505,971 was reported in the General Long-Term Obligations Account Group. The liability for compensated absences in the Enterprise Funds was \$12,458 at June 30, 2002.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 14 - LONG-TERM OBLIGATIONS**

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

	Maturity Date	Interest Rate	Principal Outstanding at June 30, 2001	Additions	Deletions	Principal Outstanding at June 30, 2002
Compensated Absences	N/A	N/A	\$459,535	\$46,436	\$0	\$505,971
Intergovernmental Payable	N/A	N/A	106,366	119,892	106,366	119,892
Capital Leases Payable	N/A	N/A	49,857	19,325	15,208	53,974
General Obligation Bonds	12/1/20	5.01%	4,595,000	0	145,000	4,450,000
<b>Total General Long-Term Obligations</b>			<u>\$5,210,758</u>	<u>\$185,653</u>	<u>\$266,574</u>	<u>\$5,129,837</u>

General obligation bonds were issued in the amount of \$5,010,000 in July 1998, as a result of the District being approved for \$11,041,812 in school facilities funding through the State Department of Education for the construction of a high school building. The District issued the general obligation bonds to provide a partial cash match to the school facilities funding. As a requirement of the school facilities funding program, the District passed a 3.82 mill levy in November 1997. Of the 3.82 mill levy, 3.32 mills is used for the retirement of the bonds that were issued and are in effect for twenty-three years. The remaining .5 mill is used for repairs and maintenance of the facility. As a part of this funding process, the District must submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expires. If the District's adjusted valuation per pupil increases above the state-wide median adjusted valuation during the twenty-three year period, the District may become responsible for repayment of a portion of the State's contribution.

Compensated absences and intergovernmental payable will be paid from the fund from which the person is paid. All other long-term obligations will be paid from the General Fund and Debt Service Fund.

The District's voted legal debt margin was \$6,641,069 with an unvoted debt margin of \$123,234 at June 30, 2002.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 14 - LONG-TERM OBLIGATIONS** - (Continued)

Principal and interest requirements to retire the general obligation bonds and capital leases at June 30, 2002 are as follows:

Year Ending June 30	General Obligation Bonds	Capital Leases	Totals
2003	\$370,955	\$36,453	\$407,408
2004	369,655	36,376	406,031
2005	368,068	30,185	398,253
2006	371,188	15,806	386,994
2007	368,708	1,579	370,287
2008-2012	1,847,903	0	1,847,903
2013-2017	1,849,440	0	1,849,440
2018-2021	1,477,500	0	1,477,500
Total Principal & Interest	7,023,417	120,399	7,143,816
Less: Interest	2,573,417	66,425	2,639,842
Total Principal	<u>\$4,450,000</u>	<u>\$53,974</u>	<u>\$4,503,974</u>

**NOTE 15 - INTERFUND ACTIVITY**

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows:

Fund	Interfund Receivables	Interfund Payables
<i>General Fund</i>	\$170,515	\$0
<i>Special Revenue Funds:</i>		
Title VI-B	0	40,812
Drug-Free School	0	232
Title VI-R	0	45,262
Miscellaneous Federal Grants	0	27,000
Total Special Revenue Funds	0	113,306
<i>Capital Project Fund:</i>		
Emergency Building Repair	0	55,262
<i>Agency Fund:</i>		
Student Activity	0	1,947
Total	<u>\$170,515</u>	<u>\$170,515</u>

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 16 - STATUTORY RESERVES**

The District is required by State statute to annually set-aside in the General Fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year end or offset by similarly restricted resources received during the year must be held in cash at year end and carried forward to be used for the same purposes in future years. Effective April 10, 2001, Senate Bill 345 eliminated the statutory requirement for a budget reserve; however, any remaining amount of the budget reserve funded with workers' compensation refunds or rebates may only be used to offset a budget deficit or certain other expenditures as directed by the Board of Education. For the District, there is no budget reserve amount remaining.

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

	Textbook	Capital Acquisition	Total
Set-Aside Reserve Balance as of June 30, 2001	\$251,529	\$0	\$251,529
Current Year Set-Aside Requirement	270,737	270,737	541,474
Elective Transfer by Board	0	500,000	500,000
Qualifying Disbursements	(80,809)	(1,051,828)	(1,132,637)
Set-Aside Balance Carried Forward to Future Fiscal Years	<u>\$441,457</u>	<u>(\$281,091)</u>	<u>\$160,366</u>
Elimination of Carry Forward	<u>0</u>	<u>0</u>	<u>0</u>
Set-Aside Reserve Balance as of June 30, 2002	<u>\$441,457</u>	<u>(\$281,091)</u>	<u>\$160,366</u>

Qualifying disbursements in excess of current year or accumulated set-aside requirements for textbooks may be used to reduce set-aside requirements of future years. Actual cash balances in excess of set-aside requirements for both textbooks and capital improvements may be used to offset set-aside requirements of future years.



**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains two Enterprise Funds to account for operations of food service sales and uniform school supply sales. The table below reflects in a summarized format the more significant financial data relating to the Enterprise Funds as of and for the fiscal year ended June 30, 2002.

	Food Service	Uniform School Supplies	Total Enterprise
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Operating Revenues	\$285,691	\$14,550	\$300,241
Operating Expenses Before Depreciation	847,150	9,582	856,732
Depreciation	13,074	0	13,074
Operating Loss	(574,533)	4,968	(569,565)
Donated Commodities	77,393	0	77,393
Operating Grants	491,418	0	491,418
Net Income (Loss)	(3,346)	4,968	1,622
Net Working Capital	69,812	2,677	72,489
Total Assets	265,632	2,677	268,309
Total Liabilities	93,038	0	93,038
Total Equity	172,594	2,677	175,271

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 18 - CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the District had the following contractual purchase commitments for school building improvements:

Contractor	Contract Amount	Amount Expended	Unexpended Balance at June 30, 2002
Apex Construction Company	\$4,887,197	\$4,839,552	\$47,645
Croson/Teepe L.L.P.	2,216,694	2,163,410	53,284
Detillion Landscaping	10,138	0	10,138
Fanning/Howey Associates, Inc.	879,543	874,149	5,394
Farnham Equipment Company	400,354	392,604	7,750
Global Fire Protection	208,818	195,331	13,487
Performance Site Management	1,062,674	1,037,704	24,970
Quandel Group	651,274	638,274	13,000
Simplex Time Recorder	92,797	92,402	395
Soundcom Corp.	319,757	315,553	4,204
Totals	<u>\$10,729,246</u>	<u>\$10,548,979</u>	<u>\$180,267</u>

**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS**

**South Central Ohio Computer Association**

The District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter member school districts, and one representative from the fiscal agent. The District paid SCOCA \$75,225 for services provided during the year. Financial information for SCOCA can be obtained from their fiscal agent, Pike County Joint Vocational School District, P.O. Box 577, 175 Beaver Creek, Piketon, Ohio 45661.

**Gallia - Vinton Educational Service Center**

The Gallia - Vinton Educational Service Center is a jointly governed organization providing educational services to its two participating school districts. The Educational Service Center is governed by a board of education comprised of eight members appointed by the participating schools. The board controls the financial activity of the Educational Service Center and reports to the Ohio Department of Education and the Auditor of State. The continued existence of the Educational Service Center is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2001, the District made no contributions to the Educational Service Center. To obtain financial information, write to the Gallia - Vinton Educational Service Center, P.O. Box 178, Rio Grande, Ohio 45674.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 19 - JOINTLY GOVERNED ORGANIZATIONS** - (Continued)

**Gallia-Jackson-Vinton Joint Vocational School District**

The Gallia-Jackson-Vinton Joint Vocational School is a jointly governed organization providing vocational services to its six participating school districts. The Joint Vocational School is governed by a board of education comprised of nine members appointed by the participating schools. The board controls the financial activity of the Joint Vocational School and reports to the Ohio Department of Education and the Auditor of State of Ohio. The continued existence of the Joint Vocational School is not dependent on the District's continued participation and no equity interest exists. During fiscal year 2001, the District made no contributions to the Joint Vocational School. To obtain financial information, write to the Gallia-Jackson-Vinton Joint Vocational School, P.O. Box 157, Rio Grande, Ohio 45674.

**Southeastern Ohio Special Education Regional Resource Center**

The Southeastern Ohio Special Education Regional Resource Center (SERRC) is a special education service center which selects its own board, adopts its own budget and receives 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 chartered nonpublic schools, representatives of county boards of MR/DD, Ohio University and the Southeast Regional Professional Development Center whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Superintendent of the District is on the SERRC Board and the District also has a local representative that serves as an alternate for the SERRC Board. Financial information can be obtained by contacting Bryan Swann, Treasurer, at the Athens-Meigs Educational Service Center, 507 Richland Avenue, Suite 108, Athens, Ohio 45701.

**NOTE 20 - GROUP PURCHASING POOL**

**Ohio School Boards Association Worker's Compensation Group Rating Plan**

The District participates in a group rating plan for worker's compensation as established under Section 4123.29 of the Ohio Revised Code. The Ohio School Boards Association Worker's Compensation Group Rating Plan (the "Plan") was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay a enrollment fee to the Plan to cover the costs of administering the program.

**NOTE 21 - SCHOOL FUNDING**

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 District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**VINTON COUNTY LOCAL SCHOOL DISTRICT**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 22 - CONTINGENCIES**

**Grants**

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

**Litigation**

As of June 30, 2002, the District did not have any pending litigation or potential liabilities that would have a material effect on the financial statements.

**NOTE 23 - NEW ACCOUNTING STANDARDS**

The Governmental Accounting Standards Board (GASB) has issued Statement No. 34, "Basic Financial Statements - and Management's Discussion and analysis - for State and Local Governments," Statement NO, 37, "Basic Financial Statements - and Management's Discussion and Analysis - for State and Local Governments: Omnibus," and Statement No. 38, "Certain Financial Statement Disclosures." These statements revise accounting and reporting standards for general purpose external financial reporting by governmental units. These statements are effective for the District's year ending June 30, 2003. The District has not completed an analysis of the impact of these statements on its reported financial condition and results of operations.

**VINTON COUNTY LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

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

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education</i>						
Nutrition Cluster:						
Food Distribution	10.550	N/A	\$0	\$ 77,393	\$0	\$ 82,529
School Breakfast Program	10.553	05-PU-01	27,663		27,663	
		05-PU-02	72,860		72,860	
Total School Breakfast Program			100,523		100,523	
National School Lunch Program	10.555	03-PU-01	35,822		35,822	
		03-PU-02	20,487		20,487	
		04-PU-01	63,331		63,331	
		04-PU-02	280,708		280,708	
Total National School Lunch Program			400,348	0	400,348	0
Total Nutrition Cluster			500,871	77,393	500,871	82,529
Total United States Department of Agriculture			500,871	77,393	500,871	82,529
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed through the Ohio Department of Education</i>						
Employment Services and Job Training - Pilot and Demonstration (School-to-Work) Program	17.249	WK-BE-00	0		3,029	
		WK-BE-01	3,697		9,190	
Total Employment Services and Job Training Program			3,697	0	12,219	0
Total United States Department of Labor			3,697	0	12,219	0
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education</i>						
Goals 2000	84.276	G2-S1-00/01/02	0		17,011	
Title I Grants to Local Educational Agencies	84.010	C1-S1-01	66,965		171,308	
		C1-S1-02	498,893		469,827	
Total Title I Grants to Local Educational Agencies			565,858	0	641,135	0
Special Education Cluster:						
Special Education - Grants to States	84.027	6B-SF-01P	43,477		58,736	
		6B-SF-02P	191,035		174,430	
		6B-ST-01P	25,000		25,000	
		6B-ST-02P	25,000		7,850	
		6B-EC-01P	4,032		4,032	
		6B-EC-02P	44,997		85,809	
Total Special Education - Grants to States			333,541	0	355,857	0
Title VI-B - Handicapped Pre-School	84.173	PG-S1-00	0		6,956	
		PG-S1-00	20,417		11,771	
Total Title VI-B - Handicapped Pre-School			20,417	0	18,727	0
Total Special Education Cluster			353,958	0	374,584	0
Safe and Drug-Free Schools and Communities - State Grants	84.186	DR-S1-01	3,123		2,078	
		DR-S1-02	2,190		2,422	
Total Safe and Drug-Free Schools and Communities - State Grants			5,313	0	4,500	0
Virtual Learning Grant	84.318	2001	0		563	
		2002	9,000		9,000	
Total Virtual Learning Grant			9,000		9,563	
Eisenhower Professional Development State Grants	84.281	MS-S1-00			6,130	
		MS-S1-01	1,616		2,818	
		MS-S1-02	18,228		10,403	
Total Eisenhower Professional Development State Grants			19,844	0	19,351	0
Innovative Education Program Strategies	84.298	C2-S1-00	0		621	
		C2-S1-01	5,279		5,238	
		C2-S1-02	11,371		9,255	
			16,650	0	15,114	0

(Continued)

VINTON COUNTY LOCAL SCHOOL DISTRICT  
VINTON COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)

<b>FEDERAL GRANTOR</b> <i>Pass-Through Grantor</i> Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>UNITED STATES DEPARTMENT OF EDUCATION (Continued)</b> <i>Passed through the Ohio Department of Education: (Continued)</i>						
Comprehensive School Reform Demonstration Grant	84.332	050393-RFSI-2001	91,486		79,274	
Class Size Reduction	84.340	CR-S1-00	0		7,313	
		CR-S1-01	30,000		29,852	
		CR-S1-02	34,828		80,089	
Total Class Size Reduction			<u>64,828</u>	<u>0</u>	<u>117,254</u>	<u>0</u>
<i>Total Passed through the Ohio Department of Education</i>			1,126,937	0	1,277,786	0
<i>Direct From the United States Department of Education</i> Twenty-First Century Community Learning Centers	84.287	N/A	<u>833,000</u>		<u>897,134</u>	
Total United States Department of Education			1,959,937	0	2,174,920	0
<b>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b> <i>Passed through the Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program - Title XIX	93.778	N/A	91,278		45,090	
Maternal and Child Health Services Block Grant	93.994	N/A	<u>9,247</u>		<u>10,285</u>	
Total U. S. Department of Health and Human Services			<u>100,525</u>	<u>0</u>	<u>55,375</u>	<u>0</u>
<b>Total Federal Awards Receipts and Expenditures</b>			<b><u>\$ 2,565,030</u></b>	<b><u>\$ 77,393</u></b>	<b><u>\$ 2,743,385</u></b>	<b><u>\$ 82,529</u></b>

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

**VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL 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 District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B – FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. As of June 30, 2002, the District had no significant food commodities in inventory.

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**Auditor of State  
Betty Montgomery**

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Athens, Ohio 45701  
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**INDEPENDENT ACCOUNTANTS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Vinton Local School District  
Vinton County  
307 West High Street  
McArthur, Ohio 45651

To the Board of Education:

We have audited the accompanying general purpose financial statements of Vinton Local School District Vinton County, Ohio (the District), as of and for the year ended June 30, 2002, and have issued our report thereon dated February 25, 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 District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed three instances of noncompliance that are required to be reported under *Government Auditing Standards* in the accompanying Schedule of Findings as items 2002-10782-001 through 2002-1782-003. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 25, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. 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 District in a separate letter dated February 25, 2003.

Vinton Local School District  
Vinton County  
Report of 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 audit committee, management, the Board of Education and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

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

**Betty Montgomery**  
Auditor of State

February 25, 2003



**Auditor of State  
Betty Montgomery**

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

Vinton Local School District  
Vinton County  
307 West High Street  
McArthur, Ohio 45651

To the Board of Education:

**Compliance**

We have audited the compliance of Vinton Local School District, Vinton County, Ohio (the 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 District's major federal programs are 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 programs are the responsibility of the District's management. Our responsibility is to express an opinion on the 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 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 District's compliance with those requirements.

In our opinion, the 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 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 District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

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

**Betty Montgomery**  
Auditor of State

February 25, 2002

**VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED 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>	Yes
<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>	CFDA # 84.027 and 84.173 Special Ed. Cluster CFDA # 84.287 21 <sup>st</sup> Century Learning Centers
<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

**VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**FINDING NUMBER 2002-10782-001**

**Noncompliance Citation**

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

An increased amended certificate must be obtained from the budget commission if the legislative authority intends to appropriate and expend the excess revenue. A reduced amended certificate must be obtained if the amount of the deficiency will reduce available resources below the current level of appropriation.

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

Estimated revenue exceeded actual revenue at June 30, 2002, in the following funds which could have resulted in deficit spending:

	<u>Fund</u>	<u>Estimated Receipts</u>	<u>Actual Receipts</u>	<u>Variance</u>
019	Other Local Grant	\$25,004	\$19,900	(\$5,104)
439	Public Preschool	242,472	223,608	(18,864)
447	D.P.I.A.	950,170	773,320	(176,850)
460	Summer Intervention	9,850	0	(9,850)
499-9006	Miscellaneous State Grant	100,000	0	(100,000)
499-9008	Agriculture 5th Quarter	6,000	0	(6,000)
499-9009	Agriculture 5th Quarter	6,000	0	(6,000)
514	EESA/NDEA	21,869	19,844	(2,025)
516	Title VI-B	535,106	374,353	(160,753)
572	Title I	953,731	657,363	(296,368)
573	Tilte VI	21,704	16,650	(5,054)
584	Drug Free Schools	13,311	5,545	(7,766)
590	Title VI-R	199,647	110,089	(89,558)
599-9901	Project Boost	314,000	303,500	(10,500)
599-9903	Project Boost	734,523	556,500	(178,023)
450	School Net	86,380	72,580	(13,800)
009	Uniform School Supplies	19,466	14,550	(4,916)
024	Employee Benefits	322,150	101,335	(220,815)
200	Student-Managed Activities	131,347	94,819	(36,528)

We recommend the District obtain a reduced amended certificate of estimated resources when it becomes apparent the District is going to receive less revenue than what was estimated. We also recommend the District's management monitor the effect of the reduction in relation to their appropriations and make amendments as needed.

**VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**FINDING NUMBER 2002-10782-002**

**Noncompliance Citation**

Ohio Rev. Code §5705.39 states the total appropriation from each fund shall not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Current year appropriations to date exceeded total estimated resources, (estimated receipts plus unencumbered fund balance to date), at September 24, 2001 in the following funds:

	<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
439	Public School Preschool	\$230,685	\$198,471	(\$32,214)
499-9004	Character Education	1,045	649	(396)
499-9300	Parent Mentor	4,736	3,552	(1,184)
572	Title I	1,031,701	915,654	(116,047)
584	Drug Free School	15,796	15,296	(500)
599-9102	Family & School Partnership	440	0	(440)
599-9905	Title VI-R Class Reduction	8,867	7,118	(1,749)
599-9107	School to Work	197	0	(197)
599-9108	School to Work	2,005	12	(1,993)
599-9199	School to Work	19,682	-282	(19,964)
599-9203	ARSI Math/Science	929	0	(929)
599-9499	Dental Grant	318	0	(318)
599-9502	Raising the Bar	7,175	0	(7,175)
599-9699	Partnership Schools	474	7	(467)
599-9799	Dental Grant	1,813	0	(1,813)
599-9900	Continuous Improvement	14,426	0	(14,426)
599-9901	Project Boost	414,163	46,515	(367,648)
450	Schoolnet Equipment	13,904	2,211	(11,963)
006	Food Service	805,167	772,081	(33,086)
009	Uniform School Supplies	21,682	1,171	(20,511)

**VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)**

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

**FINDING NUMBER 2002-10782-002  
(Continued)**

**Noncompliance Citation- Ohio Rev. Code §5705.39 (Continued)**

Also, current year appropriations to date exceeded total estimated resources, (estimated receipts plus unencumbered fund balance to date), at June 30, 2002 in the following funds:

	<u>Fund</u>	<u>Appropriations</u>	<u>Estimated Resources</u>	<u>Variance</u>
439	Public School Preschool	\$281,697	\$243,471	(\$38,226)
459	Ohio Reads	131,222	97,654	(33,568)
461	Tech Prep	9,003	8,912	(91)
499-9004	Character Education	12,436	649	(11,787)
499-9300	Parent Mentor	3,799	3,553	(246)
499-9905	Incentive Award- Zaleski	21,870	12,907	(8,963)
572	Title I	1,061,544	1,058,498	(3,046)
573	Title VI	22,324	22,181	(143)
587	Preschool Handicapped	27,373	26,110	(1,263)
599-9002	Virtual Learning	9,243	9,000	(243)
599-9108	School to Work	3,188	12	(3,176)
599-9109	Partnership Award	673	582	(91)
599-9199	School to Work	9,262	(282)	(9,544)
599-9899	Dental Grant	15,399	12,432	(2,967)
599-9901	Project Boost	463,038	290,515	(172,523)
599-9902	Continuous Improvement	11,451	8,937	(2,514)
454	Technology Equity	43,503	25,799	(17,704)
200	Student Managed Activities	132,757	130,404	(2,353)

This could have resulted in deficit spending.

We recommend that, prior to authorizing the original appropriations or approving any amendments, the District compare the proposed appropriations with the Certificate of Estimate Resources to ensure the appropriations will not exceed the fund's estimated resources. Once appropriations have been adopted, the District needs to obtain the County Auditor's certification that appropriations do not exceed the estimated resources in any fund.



VINTON LOCAL SCHOOL DISTRICT  
VINTON COUNTY

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 §.505  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(Continued)

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

**FINDING NUMBER 2002-10782-003**

**Noncompliance Citation**

Ohio Rev. Code §5705.41 (D) states that fiscal officers may prepare so-called "blanket" certificates not exceeding \$5,000 against any specific line item account over a period not exceeding 3 months or running beyond the current fiscal year. The blanket certificates may, but need not, be limited to a specific vendor. Only one blanket certificate may be outstanding at one particular time for any one particular line item appropriation.

In addition to regular blanket certificates, a subdivision's fiscal officer may also issue so-called "super blanket" certificates for any amount for expenditures and contracts from a specific line-item appropriation account in a specified fund for most professional services, fuel, oil, food items and any other specific recurring and reasonably predictable operating expense. This certification may not extend beyond the fiscal year or, in the case of counties, beyond the quarterly spending plan established by the county commissioners. More than one super blanket certificate may be outstanding at one particular time for a particular line-item appropriation account.

Fifteen percent of the outstanding purchase orders tested were not valid commitments due to blanket purchase orders not being closed at year-end. This resulted in the reported amount of encumbrances to be materially misstated. The audited financial statements have been adjusted to eliminate the material misstatement in the General Fund.

We recommend the District review the outstanding encumbrances on a regular basis, especially at year-end, to determine which have valid commitments. Encumbrances which are no longer valid should be removed.

**3. FINDINGS FOR FEDERAL AWARDS**

There were no findings related to federal awards.

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**VINTON COUNTY LOCAL SCHOOL DISTRICT  
VINTON COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
OMB CIRCULAR A -133 §.315 (b)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><u>Explain:</u></b>
2001-10782-001	Noncompliance Citation of Ohio Rev. Code Section 5705.39- Appropriations significantly exceeded estimated resources in nine funds for 2001	No	Not Corrected. Repeated as Finding No. 2002-10782-002.
2001-10782-002	Noncompliance Citation of Ohio Rev. Code Section 5705.41 (B) – Disbursements plus outstanding encumbrances, exceeded appropriations throughout the year in 2001	Yes	Corrected
2001-10782-003	Reportable Condition regarding District Policy 6610 regarding student activity funds- \$5,000 worth of candy was returned to the distributor. The Advisor was unable to provide any documentation to support the money received for the sale or amount of candy returned.	Yes	Corrected





**Auditor of State  
Betty Montgomery**

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**VINTON COUNTY LOCAL SCHOOL DISTRICT**

**VINTON 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  
APRIL 8, 2003**