



**Auditor of State
Betty Montgomery**

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

TABLE OF CONTENTS

TITLE	PAGE
Independent Accountants' Report.....	1
Combined Balance Sheet – All Fund Types and Account Groups As of June 30, 2003	4
Combined Statement of Revenues, Expenditures and Changes in Fund Balances - All Governmental Fund Types For the Fiscal Year Ended June 30, 2003	8
Combined Statement of Revenues, Expenditures and Changes in Fund Balances Budget and Actual (Budget Basis) – All Governmental Fund Types For the Fiscal Year Ended June 30, 2003	9
Statement of Revenues, Expenses and Changes in Fund Equity - Proprietary Fund Type For the Fiscal Year Ended June 30, 2003	14
Statement of Revenues, Expenses and Changes in Fund Equity Budget and Actual (Budget Basis) – Proprietary Fund Type For the Fiscal Year Ended June 30, 2003	15
Statement of Cash Flows – Proprietary Fund Type For the Fiscal Year Ended June 30, 2003	16
Notes to the General Purpose Financial Statements.....	17
Schedule of Federal Awards Receipts and Expenditures.....	39
Notes to the Schedule of Federal Awards Receipts and Expenditures	40
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	41
Independent Accountants' Report on Compliance with Requirements Applicable to Major Federal Programs and Internal Control Over Compliance in Accordance with OMB Circular A-133	43
Schedule of Findings - <i>OMB Circular A-133 § .505</i>	45

This page intentionally left blank.



**Auditor of State
Betty Montgomery**

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2003, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Symmes Valley Local School District, Lawrence County, as of June 30, 2003, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 16, 2004 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

Betty Montgomery
Auditor of State

January 16, 2004

This page intentionally left blank.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$6,259,878	\$218,245	\$263,340	\$508,179
Cash and Cash Equivalents:				
In Segregated Accounts	0	0	0	80,959
Receivables:				
Accounts	0	0	0	2,100
Property Taxes	675,315	15,311	185,278	0
Intergovernmental	0	176,767	0	0
Due from Other Funds	11,652	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	20,591	0	0	0
Prepaid Items	31,261	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	149,895	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$7,148,592</u>	<u>\$410,323</u>	<u>\$448,618</u>	<u>\$591,238</u>

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$207,188	\$60,196	\$0	\$0	\$7,517,026
0	0	0	0	80,959
0	0	0	0	2,100
0	0	0	0	875,904
0	0	0	0	176,767
0	0	0	0	11,652
1,678	0	0	0	1,678
232	0	0	0	20,823
0	0	0	0	31,261
0	0	0	0	149,895
186,409	0	19,184,175	0	19,370,584
0	0	0	272,285	272,285
0	0	0	1,470,647	1,470,647
<u>\$395,507</u>	<u>\$60,196</u>	<u>\$19,184,175</u>	<u>\$1,742,932</u>	<u>\$29,981,581</u>

(Continued)

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2003
(Continued)

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities, Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$36,400	\$1,538	\$0	\$0
Contracts Payable	0	0	0	6,800
Accrued Wages and Benefits Payable	483,059	91,950	0	0
Compensated Absences Payable	2,594	0	0	0
Retainage Payable	0	0	0	80,959
Due to Other Funds	0	0	0	11,652
Intergovernmental Payable	185,518	46,278	0	0
Deferred Revenue	642,043	191,322	176,333	0
Due to Students	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>1,349,614</u>	<u>331,088</u>	<u>176,333</u>	<u>99,411</u>
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	103,460	122,735	8	84,809
Reserved for Inventory	20,591	0	0	0
Reserved for Textbooks	83,317	0	0	0
Reserved for Capital Acquisitions	510	0	0	0
Reserved for Budget Stabilization	42,941	0	0	0
Reserved for Property Taxes	33,271	756	8,945	0
Reserved for Bus Purchases	23,127	0	0	0
Unreserved:				
Designated	233,129	0	0	0
Undesignated (Deficit)	5,258,632	(44,256)	263,332	407,018
Total Fund Equity and Other Credits	<u>5,798,978</u>	<u>79,235</u>	<u>272,285</u>	<u>491,827</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,148,592</u>	<u>\$410,323</u>	<u>\$448,618</u>	<u>\$591,238</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Agency			
\$277	\$0	\$0	\$0	\$38,215
0	0	0	0	6,800
14,702	0	0	0	589,711
10,427	0	0	433,650	446,671
0	0	0	0	80,959
0	0	0	0	11,652
2,474	0	0	81,021	315,291
0	0	0	0	1,009,698
0	60,196	0	0	60,196
0	0	0	79,393	79,393
0	0	0	1,148,868	1,148,868
27,880	60,196	0	1,742,932	3,787,454
0	0	19,184,175	0	19,184,175
327,876	0	0	0	327,876
39,751	0	0	0	39,751
0	0	0	0	311,012
0	0	0	0	20,591
0	0	0	0	83,317
0	0	0	0	510
0	0	0	0	42,941
0	0	0	0	42,972
0	0	0	0	23,127
0	0	0	0	233,129
0	0	0	0	5,884,726
367,627	0	19,184,175	0	26,194,127
\$395,507	\$60,196	\$19,184,175	\$1,742,932	\$29,981,581

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	
<u>Revenues:</u>					
Property Taxes	\$641,482	\$14,587	\$174,386	\$0	\$830,455
Intergovernmental	4,864,924	995,897	24,340	1,228,111	7,113,272
Interest	198,598	0	0	103,334	301,932
Tuition and Fees	2,367	0	0	0	2,367
Gifts and Donations	0	4,350	0	0	4,350
Extracurricular Activities	6,732	70,539	0	0	77,271
Miscellaneous	56,178	0	0	344	56,522
Total Revenues	5,770,281	1,085,373	198,726	1,331,789	8,386,169
<u>Expenditures:</u>					
Current:					
Instruction					
Regular	2,407,589	523,154	0	0	2,930,743
Special	371,190	418,671	0	0	789,861
Vocational	199,199	0	0	0	199,199
Support Services					
Pupils	170,660	59,982	0	0	230,642
Instructional Staff	136,548	41,922	0	0	178,470
Board of Education	69,067	768	0	0	69,835
Administration	408,308	69,516	0	0	477,824
Fiscal	255,954	592	5,574	0	262,120
Operation and Maintenance of Plant	653,309	0	0	0	653,309
Pupil Transportation	801,973	0	0	0	801,973
Central	4,528	7,139	0	0	11,667
Extracurricular Activities	98,290	55,288	0	0	153,578
Capital Outlay	0	0	0	3,413,868	3,413,868
Debt Service					
Principal Retirement	0	0	115,499	0	115,499
Interest and Fiscal Charges	0	0	40,779	0	40,779
Total Expenditures	5,576,615	1,177,032	161,852	3,413,868	10,329,367
Excess of Revenues Over (Under) Expenditures	193,666	(91,659)	36,874	(2,082,079)	(1,943,198)
<u>Other Financing Sources (Uses):</u>					
Operating Transfers In	0	1,683	24,565	30,815	57,063
Proceeds From the Sale of Fixed Assets	0	0	0	11,558	11,558
Operating Transfers Out	(26,248)	0	0	(30,815)	(57,063)
Total Other Financing Sources (Uses)	(26,248)	1,683	24,565	11,558	11,558
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	167,418	(89,976)	61,439	(2,070,521)	(1,931,640)
Fund Balance at Beginning of Year	5,619,381	169,211	210,846	2,562,348	8,561,786
Increase in Reserve for Inventory	12,179	0	0	0	12,179
Fund Balance at End of Year	\$5,798,978	\$79,235	\$272,285	\$491,827	\$6,642,325

See accompanying notes to the general purpose financial statements

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$615,850	\$615,850	\$0
Intergovernmental	4,864,924	4,864,924	0
Interest	319,783	332,119	12,336
Tuition and Fees	3,067	3,067	0
Gifts and Donations	0	0	0
Extracurricular Activities	6,732	6,732	0
Miscellaneous	44,526	44,526	0
Total Revenues	5,854,882	5,867,218	12,336
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	2,381,734	2,381,734	0
Special	355,241	355,241	0
Vocational	198,076	198,076	0
Support Services:			
Pupils	165,119	165,119	0
Instructional Staff	128,527	128,527	0
Board of Education	66,377	66,377	0
Administration	394,004	394,004	0
Fiscal	265,471	265,471	0
Operation and Maintenance of Plant	688,063	688,063	0
Pupil Transportation	786,625	786,625	0
Central	5,000	5,000	0
Extracurricular Activities	97,573	97,573	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	5,531,810	5,531,810	0
Excess of Revenues Over (Under) Expenditures	323,072	335,408	12,336
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	244,058	244,058	0
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers Out	(270,306)	(270,306)	0
Total Other Financing Sources (Uses)	(26,248)	(26,248)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	296,824	309,160	(12,336)
Fund Balance at Beginning of Year	5,751,679	5,751,679	0
Prior Year Encumbrance Appropriated	224,509	224,509	0
Fund Balance at End of Year	\$6,273,012	\$6,285,348	(\$12,336)

(Continued)

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003
(Continued)

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$14,007	\$14,007	\$0
Intergovernmental	995,896	995,896	0
Interest	0	0	0
Tuition and Fees	0	0	0
Gifts and Donations	4,350	4,350	0
Extracurricular Activities	70,539	70,539	0
Miscellaneous	0	0	0
Total Revenues	1,084,792	1,084,792	0
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	523,754	523,754	0
Special	501,716	501,716	0
Vocational	0	0	0
Support Services:			
Pupils	60,615	60,615	0
Instructional Staff	43,359	43,359	0
Board of Education	768	768	0
Administration	71,654	71,654	0
Fiscal	474	474	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	7,139	7,139	0
Extracurricular Activities	62,711	62,711	0
Capital Outlay	0	0	0
Debt Service			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	1,272,190	1,272,190	0
Excess of Revenues Over (Under) Expenditures	(187,398)	(187,398)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	1,683	1,683	0
Proceeds from Sale of Fixed Assets	0	0	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	1,683	1,683	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(185,715)	(185,715)	0
Fund Balance at Beginning of Year	269,157	269,157	0
Prior Year Encumbrance Appropriated	10,779	10,779	0
Fund Balance at End of Year	\$94,221	\$94,221	\$0

Debt Service Fund			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$167,581	\$167,581	\$0	\$0	\$0	\$0
24,339	24,339	0	1,228,111	1,228,111	0
0	0	0	104,977	106,880	1,903
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	344	344	0
191,920	191,920	0	1,333,432	1,335,335	1,903
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
5,582	5,582	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	4,337,488	4,337,488	0
115,499	115,499	0	0	0	0
40,779	40,779	0	0	0	0
161,860	161,860	0	4,337,488	4,337,488	0
30,060	30,060	0	(3,004,056)	(3,002,153)	1,903
24,565	24,565	0	30,815	30,815	0
0	0	0	9,458	9,458	0
0	0	0	(30,815)	(30,815)	0
24,565	24,565	0	9,458	9,458	0
54,625	54,625	0	(2,994,598)	(2,992,695)	1,903
208,699	208,699	0	2,815,174	2,815,174	0
8	8	0	681,850	681,850	0
\$263,332	\$263,332	\$0	\$502,426	\$504,329	\$1,903

(Continued)

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2003
(Continued)

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Property Taxes	\$797,438	\$797,438	\$0
Intergovernmental	7,113,270	7,113,270	0
Interest	424,760	438,999	14,239
Tuition and Fees	3,067	3,067	0
Rent	4,350	4,350	0
Extracurricular Activities	77,271	77,271	0
Miscellaneous	44,870	44,870	0
Total Revenues	8,465,026	8,479,265	14,239
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	2,905,488	2,905,488	0
Special	856,957	856,957	0
Vocational	198,076	198,076	0
Support Services:			
Pupils	225,734	225,734	0
Instructional Staff	171,886	171,886	0
Board of Education	67,145	67,145	0
Administration	465,658	465,658	0
Fiscal	271,527	271,527	0
Operation and Maintenance of Plant	688,063	688,063	0
Pupil Transportation	786,625	786,625	0
Central	12,139	12,139	0
Extracurricular Activities	160,284	160,284	0
Capital Outlay	4,337,488	4,337,488	0
Debt Service			
Principal Retirement	115,499	115,499	0
Interest and Fiscal Charges	40,779	40,779	0
Total Expenditures	11,303,348	11,303,348	0
Excess of Revenues Over (Under) Expenditures	(2,838,322)	(2,824,083)	14,239
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	301,121	301,121	0
Proceeds from Sale of Fixed Assets	9,458	9,458	0
Operating Transfers Out	(301,121)	(301,121)	0
Total Other Financing Sources (Uses)	9,458	9,458	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,828,864)	(2,814,625)	14,239
Fund Balance at Beginning of Year	9,044,709	9,044,709	0
Prior Year Encumbrance Appropriated	917,146	917,146	0
Fund Balance at End of Year	\$7,132,991	\$7,147,230	\$14,239

See accompanying notes to the general purpose financial statements

This page intentionally left blank.

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	Enterprise
<u>Operating Revenues:</u>	
Sales	\$72,337
Total Operating Revenues	72,337
<u>Operating Expenses:</u>	
Salaries	93,844
Fringe Benefits	20,701
Purchased Services	4,449
Materials and Supplies	23,551
Cost of Sales	152,562
Depreciation	18,636
Total Operating Expenses	313,743
Operating Loss	(241,406)
<u>Non-Operating Revenues:</u>	
Federal Donated Commodities	22,261
Interest	5,206
Federal and State Subsidies	180,130
Total Non-Operating Revenues	207,597
Net Income	(33,809)
Retained Earnings at Beginning of Year	73,560
Retained Earnings at End of Year	39,751
Contributed Capital at Beginning of Year	207,087
Contributions From Governmental Funds During the Year	120,789
Contributed Capital at End of Year	327,876
Total Fund Equity at End of Year	\$367,627

See accompanying notes to the general purpose financial statements

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	Enterprise Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$72,337	\$72,337	\$0
Interest	5,206	5,206	0
Federal and State Subsidies	180,130	180,130	0
Total Revenues	<u>257,673</u>	<u>257,673</u>	<u>0</u>
<u>Expenses:</u>			
Salaries	94,406	94,406	0
Fringe Benefits	19,796	19,796	0
Purchased Services	4,449	4,449	0
Materials and Supplies	156,145	156,145	0
Total Expenses	<u>274,796</u>	<u>274,796</u>	<u>0</u>
Excess of Revenues Under Expenses	(17,123)	(17,123)	0
Fund Equity at Beginning of Year	<u>222,921</u>	<u>222,921</u>	<u>0</u>
Fund Equity at End of Year	<u><u>\$205,798</u></u>	<u><u>\$205,798</u></u>	<u><u>\$0</u></u>

See accompanying notes to the general purpose financial statements

SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO

Statement of Cash Flows
Proprietary Fund Type
For the Fiscal Year Ended June 30, 2003

	Proprietary Fund Type
	Enterprise
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>	
<u>Cash Flows from Operating Activities:</u>	
Cash Received from Customers	\$72,337
Cash Payments to Suppliers for Goods and Services	(159,203)
Cash Payments for Employee Services and Benefits	(114,203)
Net Cash Used for Operating Activities	(201,069)
<u>Cash Flows from Noncapital Financing Activities:</u>	
Operating Grants Received	180,130
<u>Cash Flows from Investing Activities:</u>	
Interest on Investments	5,206
Net Increase in Cash and Cash Equivalents	(15,733)
Cash and Cash Equivalents at Beginning of Year	222,921
Cash and Cash Equivalents at End of Year	\$207,188
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:	
Operating Loss	(\$241,406)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:	
Depreciation	18,636
Donated Commodities Received During Year	22,261
Changes in Assets and Liabilities:	
Decrease in Inventory Held for Resale	246
Increase in Materials and Supplies Inventory	(101)
Decrease in Accounts Payable	(1,047)
Increase in Accrued Wages and Benefits Payable	1,083
Decrease in Compensated Absences	(1,063)
Increase in Intergovernmental Payable	322
Total Adjustments	40,337
Net Cash Used for Operating Activities	(\$201,069)
Noncash noncapital financing activities: During Fiscal year 2003, the food service enterprise fund received \$22,261 in federal donated commodities.	
Noncash capital financing activities: During Fiscal year 2003, the food service enterprise fund received \$120,789 in equipment from the school facilities construction capital projects fund.	

See accompanying notes to the general purpose financial statements

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and federal agencies. This Board of Education controls the School District's two instructional/support facilities staffed by 40 noncertified, 69 certificated full time teaching personnel and ten administrators who provide services to 862 students.

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

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

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

Jointly Governed Organization:

South Central Ohio Computer Association
Pilasco-Ross Special Education Resource Center

Insurance Purchasing Entity Risk Pool:

Ohio School Boards Association Workers' Compensation Group Rating Program

Note 2 - Summary of Significant Accounting Policies

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

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

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

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

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

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

Fiduciary Fund Types Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

The School District's only fiduciary fund is an agency fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

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

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from nonexchange transactions must also be available before it can be recognized.

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

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, 2003, but which were levied to finance fiscal year 2004 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

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

C. Budgetary Data

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

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

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

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

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

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

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

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

D. Cash and Cash Equivalents

To improve cash management, cash received by the School District is pooled. Monies for all funds are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "equity in pooled cash and cash equivalents" on the balance sheet. The School District is responsible for several interest bearing accounts that consist of retainage held on contracts. The balances in these accounts are presented on the combined balance sheet as "Cash and Cash Equivalents in Segregated Accounts" and represents deposits.

During fiscal year 2003, investments were limited to STAROhio.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

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 STAR Ohio's share price which is the price the investment could be sold for on June 30, 2003.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2003 amounted to \$198,598, which includes \$41,257 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2003, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

H. Short-term Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as “due to/from other funds” on the balance sheet.

I. Compensated Absences

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

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the school district's termination policy. The School District records a liability for accumulated unused sick leave for employees after 10 years of service with the district.

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

J. Accrued Liabilities and Long-Term Obligations

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

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

K. Interfund Transactions

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

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

L. Fund Balance Reserves

The School District reserves fund balance for amounts that are legally segregated for specific future use or which does not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, budget stabilization, textbooks and instructional materials, capital acquisitions, school bus purchases and property taxes.

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

M. Contributed Capital

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

After fiscal year 2001, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital, based on new guidelines established by GASB Statement 33, "Accounting and Reporting for Non-Exchange Transactions.

N. Restricted Assets

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

O. Designation of Fund Balance

The School District has general fund balance designations of \$86,317 for capital acquisition and \$146,812 for budget stabilization. These amounts represent monies set-aside by the board of education over and above monies legally required to be set-aside.

P. Estimates

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

Q. Total Columns on General Purpose Financial Statements

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

Note 3 – Prior Period Restatement

The Enterprise Fund balance was misstated in the previous fiscal year. The Enterprise Fund ending balance stated in fiscal year 2002 was \$285,656. The amount of the adjustment was \$5,009, and the restated beginning balance for fiscal year 2003 is \$280,647.

Note 4 – Accountability and Compliance

A. Accountability

At June 30, 2003, the following funds had deficit fund balances:

Fund	Deficit
Disadvantaged Pupils Impact Aid	\$55,107
Title VI-B	17,411
Title I	31,852
Title VI	2,443
Title VI-R	492

The deficit balances were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

B. Compliance

The following special revenue funds had appropriations in excess of estimated revenue for the fiscal year ended June 30, 2003, a violation of Section 5705.39, Revised Code:

Fund	Amount
Title VI-B	\$54,158
Title I	16,487
Title VI	6,422
Goals 2000	2,508

Note 5 - Budgetary Basis of Accounting

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis)-All Governmental Fund Types and the Statement of Revenues,

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
 June 30, 2003

Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) - Proprietary Fund Type are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	\$167,418	(\$89,976)	\$61,439	(\$2,070,521)
Adjustments:				
Revenue Accruals	96,805	(580)	(6,806)	1,446
Beginning of Year:				
Prepaid Items	34,718	0	0	0
Unreported Interest	195	0	0	0
End of Year				
Unreported Interest	(64)	0	0	0
Prepaid Items	(31,261)	0	0	0
Expenditure Accruals	165,710	28,865	0	(838,811)
Encumbrances	(124,361)	(124,024)	(8)	(84,809)
Budget Basis	\$309,160	(\$185,715)	\$54,625	(\$2,992,695)

Net Loss/Excess of Revenues
 Under Expenses
 Proprietary Fund Type

	Enterprise
GAAP Basis	(\$33,809)
Expense Accruals	(560)
Depreciation Expense	18,636
Encumbrances	(1,390)
Budget Basis	(\$17,123)

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$7,747,411 and the bank balance was \$7,833,477. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$7,733,477 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

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

STAROhio	Carrying and Fair Value
	<hr style="width: 50%; margin: auto;"/>
	\$469

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

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

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

	Cash and Cash	
	Equivalents/Deposits	Investments
GASB Statement 9	\$7,747,880	\$0
STAROhio	(469)	469
GASB Statement 3	<u>\$7,747,411</u>	<u>\$469</u>

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property (used in business) located in the school district. Real property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Real property taxes received in calendar year 2003 were levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values for real property taxes are established by State law at thirty-five percent of appraised market value. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

Public utility property tax revenue received in calendar 2003 represents collections of calendar year 2002 taxes. Public utility real and tangible personal property taxes received in calendar year 2003 became a lien December 31, 2001, were levied after April 1, 2002 and are collected in 2003 with real property taxes. Public utility real property is assessed at thirty-five percent of true value; public utility tangible personal property currently is assessed at varying percentages of true value.

Tangible personal property tax revenue received during calendar 2003 (other than public utility property) represents the collection of 2003 taxes. Tangible personal property taxes received in calendar year 2003 were levied after April 1, 2002, on the value as of December 31, 2002. Tangible personal property is currently assessed at twenty-five percent of true value for capital assets and twenty-four percent of true value for inventory. Payments 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. Tangible personal property taxes paid by April 30 are usually received by the School District prior to June 30.

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2003, are available to finance fiscal year 2003 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable includes real property, public utility property and tangible personal property taxes which are measurable as of June 30, 2003 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount of real property taxes available as an advance at June 30 was levied to finance current fiscal year operations and is

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
 June 30, 2003

reported as revenue at fiscal year end. The portion of the receivable not levied to finance current fiscal year operations is offset by a credit to deferred revenue.

The amount available as an advance at June 30, 2003 was \$33,271 in the General Fund, \$8,945 in the Bond Retirement Fund and \$756 in the Classroom Facilities Special Revenue Fund. The amount available as an advance at June 30, 2002, was \$7,639 in the General Fund, \$2,139 in the Bond Retirement Fund and \$176 in the Classroom Facilities Special Revenue Fund.

The assessed values upon which the fiscal year 2003 taxes were collected are:

	2002 Second- Half Collections		2003 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$24,461,070	79%	\$25,289,740	78%
Public Utility Personal	5,734,240	18%	5,807,520	18%
Tangible Personal Property	1,035,320	3%	1,234,550	4%
Total	\$31,230,630	100%	\$32,331,810	100%
Tax rate per \$1,000 of assessed valuation	\$28.60		\$28.60	

Note 8 - Receivables

Receivables at June 30, 2003, consisted of accounts, property taxes, 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:

<u>Intergovernmental Receivables</u>	<u>Amounts</u>
Special Revenue Funds:	
Eisenhower Grant	\$872
Title VI-B Grant	54,158
Title I Grant	64,051
Title VI Grant	2,982
Drug Free Schools	6,544
Title II-A	26,752
Title II-D	5,910
Title VI-R Grant	15,498
Total Intergovernmental Revenues	<u>\$176,767</u>

Note 9 - Fixed Assets

A summary of the enterprise fund's fixed assets at June 30, 2003, follows:

Machinery and Equipment	\$347,829
Less: Accumulated Depreciation	<u>(161,420)</u>
Net Fixed Assets	<u>\$186,409</u>

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

A summary of the changes in general fixed assets during fiscal year 2003 follows:

	Balance 7/1/02	Additions	Deductions	Balance 6/30/03
Land and Improvements	\$500,678	\$0	\$9,771	\$490,907
Buildings and Improvements	9,037,277	5,667,829	0	14,705,106
Furniture, fixtures and Equipment	2,308,034	201,656	14,152	2,495,538
Vehicles	996,414	53,850	0	1,050,264
Textbooks	432,406	0	0	432,406
Infrastructure	9,954	0	0	9,954
Construction in Progress	1,537,935	0	1,537,935	0
Total General Fixed Assets	<u>\$14,822,698</u>	<u>\$5,923,335</u>	<u>\$1,561,858</u>	<u>\$19,184,175</u>

Note 10 - Jointly Governed Organization and Insurance Purchasing Pool

A. Jointly Governed Organizations

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. Symmes Valley Local School District paid \$9,808 for services provided during fiscal year 2003. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, Pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and 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 county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross CTC, Shawnee State University, and Pike, Ross, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The Symmes Valley Local School District's superintendent is currently on the SERRC Board. The fiscal agent for the SERRC is Dawson Bryant LSD. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

B. Insurance Purchasing Pool

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

Note 11 - Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2003, the School District contracted with MARSH USA for property insurance in the amount of \$22,344,655.

The types and amounts of coverage provided by the MARSH USA are as follows:

General Liability	
Each Occurrence	\$1,000,000
Aggregate Limit	\$3,000,000
Products - Completed Operations Aggregate Limit	\$1,000,000
Personal and Advertising Injury Limit - Each Offense	\$10,000
Employer's Liability	
Each Occurrence	\$1,000,000
Disease - Each Employee	\$1,000,000
Auto Insurance	
Liability	\$1,000,000
Auto Medical Payments	\$5,000
Uninsured Motorists	\$1,000,000

Settled claims have not exceeded this commercial coverage in any of the past five years. There has not been a significant reduction in coverage from the prior year.

For fiscal year 2003, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

Note 12 - Defined Benefit Pension Plans

A. School Employees Retirement System

The School District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 300 East Broad Street, Suite 100, Columbus, Ohio 43215-3476.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2003, 8.17 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2003, 2002, and 2001, were \$113,947, \$30,003, and \$20,458 respectively; 41 percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal years 2002, and 2001.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS Ohio), a cost-sharing, multiple-employer public employee retirement system. STRS Ohio provides retirement and disability benefits to members and death and survivor benefits to beneficiaries. STRS Ohio issues a stand-alone financial report that may be obtained by writing to STRS Ohio, 275 E. Broad St., Columbus, OH 43215-3371 or by calling (614) 227-4090.

New members have a choice of three retirement plans, a Defined Benefit (DB) Plan, a Defined Contribution (DC) Plan and a Combined Plan. The DB plan offers an annual retirement allowance based on final average salary times a percentage that varies based on years of service, or an allowance based on member contributions and earned interest matched by STRS Ohio funds times an actuarially determined annuity factor. The DC Plan allows members to place all their member contributions and employer contributions equal to 10.5% of earned compensation into an investment account. Investment decisions are made by the member. A member is eligible to receive a retirement benefit at age 50 and termination of employment. The Combined Plan offers features of both the DC Plan and the DB Plan. In the Combined Plan, member contributions are invested by the member, and employer contributions are used to fund the defined benefit payment at a reduced level from the regular DB Plan. DC and Combined Plan members will transfer to the Defined Benefit Plan during their fifth year of membership unless they permanently select the DC or Combined Plan. Existing members with less than five years of service credit as of June 30, 2001, were given the option of making a one time irrevocable decision to transfer their account balances from the existing DB Plan into the DC Plan or the Combined Plan. This option expired on December 31, 2001. Benefits are established by Chapter 3307 of the Ohio Revised Code.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

A DB or Combined Plan member with five or more years credited service who becomes disabled may qualify for a disability benefit. Eligible spouses and dependents of these active members who die before retirement may qualify for survivor benefits. Members in the DC Plan who become disabled are entitled only to their account balance. If a member dies before retirement benefits begin, the member's designated beneficiary is entitled to receive the member's account balance.

For the fiscal year ended June 30, 2003, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 13 percent was the portion used to fund pension obligations. For fiscal year 2002, the portion used to fund pension obligations was 9.5 percent. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. Chapter 3307 of the Ohio Revised Code provides statutory authority for member and employer contributions.

The School District's required contributions for pension obligations to the DB Plan for the fiscal years ended June 30, 2003, 2002, and 2001 were \$476,958, \$275,089, and \$287,671, respectively; 69 percent has been contributed for fiscal year 2003 and 100 percent has been contributed for fiscal years 2002 and 2001. There were no contributions to the DC and Combined Plans for fiscal year 2003.

Note 13 - Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2003, the STRS Board allocated employer contributions equal to 1 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$36,689 for fiscal year 2003.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2002, (the latest information available) the balance in the Fund was \$3.011 billion. For the year ended June 30, 2002, net health care costs paid by STRS were \$354,697,000 and STRS had 105,300 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2003, employer contributions to fund health

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

care benefits were 5.83 percent of covered payroll, a decrease of 2.71 percent from fiscal year 2002. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2003, the minimum pay was established at \$14,500. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2003 fiscal year equaled \$91,963.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2002 (the latest information available), were \$182,946,777 and the target level was \$274.4 million. At June 30, 2002, SERS had net assets available for payment of health care benefits of \$335.2 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 14 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees and administrators who are on a twelve month contract earn ten to twenty days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers, and administrators who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month up to 220 days for classified employees and 240 days for certified employees. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 55 days for classified employees and 60 days for certified employees.

B. Life Insurance and Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified and administrative employees through Community National Assurance Company. The coverage amount is \$30,000 for certified employees and \$30,000 for classified employees. Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$1,164.44 for family coverage and \$404.89 for single coverage and \$755.83 for two party coverage. The School District pays 90% of all three premiums.

Note 15 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2003 were as follows:

	Principal Outstanding 7/1/02	Additions	Deductions	Principal Outstanding 6/30/03
Refunding Bonds 1998, Variable Interest	\$1,203,610	\$40,258	\$95,000	\$1,148,868
Energy Conservation Note 1999 4.5%	99,892	0	20,499	79,393
Compensated Absences	440,452	52,182	58,984	433,650
Intergovernmental Payable	42,425	81,021	42,425	81,021
Total General Long-Term Obligations	\$1,786,379	\$173,461	\$216,908	\$1,742,932

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

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

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

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

On January 26, 1998, the School District issued \$1,408,900 in general obligation refunding bonds which included \$343,900 in capital appreciation bonds (deep discount bonds). The refunding bonds replaced \$1,435,000 of outstanding 1990 School Improvement General Obligation Bonds. Because of the deep discount associated with the issuance of capital appreciation bonds, the School District records the annual accretion of the discount interest in the general long term obligations account group. The bonds were issued for a 23 year period with final maturity at October 1, 2014. The liability for the bonds is recorded in the General Long Term Obligations Account Group with annual principal and interest requirements retired from the Debt Service Fund. Principal outstanding at June 30, 2003 amounted to \$1,148,868 including current year accretion of \$40,258. \$1,540,865 (after premium, underwriting fees and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1990 School Improvement Bonds. As of June 30, 2003, \$1,285,000 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the general long term obligations account group.

The bond issue consists of serial and capital appreciation bonds. The capital appreciation bonds mature October 1, 2008 through October 1, 2013. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$970,000. For fiscal year 2003, \$40,258 was accreted for a total bond liability of \$528,868.

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

Fiscal Year Ending June 30,	Serial Bonds		Capital Appreciation Bonds	
	Principal	Interest	Principal	Interest
2004	\$105,000	\$31,212	\$0	\$0
2005	115,000	25,162	0	0
2006	120,000	18,700	0	0
2007	135,000	11,688	0	0
2008	145,000	3,988	0	0
2009-2013	0	0	295,000	510,000
2014	0	0	48,900	116,100
Total	\$620,000	\$90,750	\$343,900	\$626,100

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
June 30, 2003

Principal and interest requirements to retire the energy conservation project note outstanding at June 30, 2003, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2004	\$19,766	\$4,077	\$23,843
2005	24,060	2,151	26,211
2006	23,444	1,122	24,566
2007	12,123	160	12,283
Total	\$79,393	\$7,510	\$86,903

The School District's overall legal debt margin was \$3,182,148, with an unvoted debt margin of \$32,332 at June 30, 2003.

Note 16 – Contractual Commitments

The School District has entered into contracts with various vendors for the design, renovation and additions to existing buildings in the School District, totaling \$4,958,529. The amount expended on these contracts through June 30, 2003 totaled \$4,812,755. Outstanding purchase commitments at June 30, 2003 totaled \$145,774.

Note 17 - Interfund Balances

Amounts due to and due from other funds at June 30, 2003, consist of the following individual balances:

	Due from Other Funds	Due to Other Funds
General Fund:	\$11,652	\$0
Capital Projects Fund:		
Classroom Facilities	0	11,652
Total All Funds	\$11,652	\$11,652

Note 18 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2003.

B. Litigation

The School District is not a party to legal proceedings.

Symmes Valley Local School District
Notes to the General Purpose Financial Statements
 June 30, 2003

Note 19 - Set-Aside Calculations and Fund Reserves

The Symmes Valley Local School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year end. These amounts must be carried forward to be used for the same purposes in future years. Effective April 10, 2001, through Amended Substitute Senate Bill 345, the requirement for school districts to establish and appropriate money for budget stabilization was deleted from law. The bill placed special conditions on any Bureau of Workers' Compensation refunds remaining in the budget reserve.

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

	Budget		Capital
	<u>Stabilization</u>	<u>Textbooks</u>	<u>Acquisition</u>
Set-aside Reserve Balance as of June 30, 2002	\$42,941	\$75,454	(\$42,430)
Current Year Set-aside Requirement	0	122,029	122,029
Offsets	0	0	(16,006)
Qualifying Disbursements	0	(114,166)	(63,083)
Totals	<u>\$42,941</u>	<u>\$83,317</u>	<u>\$510</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$42,941</u>	<u>\$83,317</u>	<u>\$510</u>
Set-aside Reserve Balance as of June 30, 2003	<u>\$42,941</u>	<u>\$83,317</u>	<u>\$510</u>

The total reserve balance for budget stabilization, textbooks, and capital acquisition set-asides at the end of the fiscal year was \$126,768.

Note 20 - School Funding Court Decision

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

The Supreme Court relinquished jurisdiction over the case and directed "...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...".

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

Note 21 – Subsequent Events

On July 14, 2003, the Board of Education approved an emergency paving bid from J.L. Cline Asphalt in the amount of \$66,492.

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Donation	N/A	10.550	\$0	\$22,261	\$0	\$22,261
School Breakfast Program	O5-PU02; O5-PU03	10.553	58,226		58,226	
National School Lunch Program	LL-P402; LL-P403	10.555	<u>108,803</u>		<u>108,803</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>167,029</u>	<u>22,261</u>	<u>167,029</u>	<u>22,261</u>
<u>U.S. DEPARTMENT OF EDUCATION</u>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Grants to Local Educational Agencies	C1s1-2002, C1s1-2003	84.010	359,886		383,161	
Special Education Grants to States	6BSF-2002P, 6BSF-2003P	84.027	102,279		126,981	
Safe and Drug-Free Schools and Communities Grants	DRS1-2003	84.186	1,436		6,243	
Eisenhower Professional Development State Grants	C2s1-2002	84.281			6,070	
Innovative Education Program Strategies	C2s1-2003	84.298	2,752		5,854	
Education Technology State Grants	TJS1-2003	84.318	3,622		1,025	
Class Size Reduction	CRS1-2002	84.340	23,670		23,670	
Rural Education	RUS1-2003	84.358	3,402			
Improving Teacher Quality State Grants	TRS1-2003	84.367	<u>58,574</u>		<u>54,561</u>	
Total U.S. Department of Education			<u>555,621</u>	<u>0</u>	<u>607,565</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u><u>\$722,650</u></u>	<u><u>\$22,261</u></u>	<u><u>\$774,594</u></u>	<u><u>\$22,261</u></u>

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

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2003**

NOTE A—SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B—CHILD NUTRITION CLUSTER

Program regulations do not require the School District to maintain separate inventory records for purchased food and food received from the U.S. Department of Agriculture. This nonmonetary assistance (expenditures) is reported in the Schedule at the fair market value of the commodities received.

Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first.



Auditor of State Betty Montgomery

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

Symmes Valley Local School District
Lawrence County
14778 State Route 131
Willow Wood, Ohio 45696

To the Board of Education:

We have audited the accompanying general purpose financial statements of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2003, and have issued our report thereon dated January 16, 2004. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated January 16, 2004.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration in the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 16, 2004.

743 E. State St. / Athens Mall Suite B / Athens, OH 45701
Telephone: (740) 594-3300 (800) 441-1389 Fax: (740) 594-2110
www.auditor.state.oh.us

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

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

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

Betty Montgomery
Auditor of State

January 16, 2004



**Auditor of State
Betty Montgomery**

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

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

To the Board of Education:

Compliance

We have audited the compliance of the Symmes Valley Local School District, Lawrence County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2003. The School 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 each of its major federal programs is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2003.

Internal Control over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level of risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving internal control over compliance and its operations that we consider to be material weaknesses. However, we noted a matter involving internal control over compliance that does not require inclusion in this report, that we have reported to management of the School District in a separate letter dated January 16, 2004.

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



Betty Montgomery
Auditor of State

January 16, 2004

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003**

1. SUMMARY OF AUDITOR'S RESULTS
--

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Educational Agencies – CFDA #84.010 Special Education Grants to States – CFDA #84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

**SYMMES VALLEY LOCAL SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2003
(Continued)**

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

None.

3. FINDINGS FOR FEDERAL AWARDS

None.



**Auditor of State
Betty Montgomery**

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

SYMMES VALLEY LOCAL SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 10, 2004**