



**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Adams County/Ohio Valley School District
Adams County
141 Lloyd Road
West Union, Ohio 45693

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2001, 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 December 19, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Adams County/Ohio Valley School District
Adams County
Report of Independent Accountants
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We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 19, 2001

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*Adams County/Ohio Valley School District
Adams County*

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$309,914	\$1,145,822	\$1,845,267	\$76,251
Receivables:				
Taxes	10,731,618	0	2,704,851	0
Intergovernmental	0	1,945,472	0	19,500
Accrued Interest	75,119	0	0	0
Interfund Receivable	1,177,347	0	0	0
Prepaid Items	36,013	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	367,868	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for the Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$12,697,879</u>	<u>\$3,091,294</u>	<u>\$4,550,118</u>	<u>\$95,751</u>

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$985,849	\$212,278	\$0	\$0	\$4,575,381
0	0	0	0	13,436,469
199,953	0	0	0	2,164,925
0	196	0	0	75,315
0	0	0	0	1,177,347
0	0	0	0	36,013
18,411	0	0	0	18,411
8,066	0	0	0	8,066
0	0	0	0	367,868
734,135	0	53,967,157	0	54,701,292
0	0	0	1,947,717	1,947,717
0	0	0	40,873,083	40,873,083
<u>\$1,946,414</u>	<u>\$212,474</u>	<u>\$53,967,157</u>	<u>\$42,820,800</u>	<u>\$119,381,887</u>

(continued)

*Adams County/Ohio Valley School District
Adams County*

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities</u>				
<u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$101,070	\$12,477	\$0	\$8,026
Accrued Wages and Benefits	2,171,614	459,706	0	0
Compensated Absences Payable	105,699	143	0	0
Interfund Payable	0	1,174,597	0	475
Intergovernmental Payable	467,952	77,752	0	40
Deferred Revenue	10,364,050	1,920,992	2,602,401	2,000
Undistributed Monies	0	0	0	0
EPA Asbestos Loan Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	13,210,385	3,645,667	2,602,401	10,541
<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	345,559	156,714	0	1,448
Reserved for Property Taxes	273,699	0	79,704	0
Reserved for Budget Stabilization	367,868	0	0	0
Unreserved:				
Designated for Textbooks	51,016	0	0	0
Designated for Capital Acquisitions	149,973	0	0	0
Undesignated (Deficit)	(1,700,621)	(711,087)	1,868,013	83,762
	(512,506)	(554,373)	1,947,717	85,210
Total Fund Equity (Deficit) and Other Credits	(512,506)	(554,373)	1,947,717	85,210
Total Liabilities, Fund Equity and Other Credits	\$12,697,879	\$3,091,294	\$4,550,118	\$95,751

See accompanying notes to the general-purpose financial statements

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$0	\$0	\$0	\$0	\$121,573
80,500	0	0	0	2,711,820
45,475	0	0	2,398,869	2,550,186
0	2,275	0	0	1,177,347
54,499	0	0	193,134	793,377
6,097	144	0	0	14,895,684
0	137,253	0	0	137,253
0	0	0	96,797	96,797
0	0	0	522,000	522,000
0	0	0	39,610,000	39,610,000
<u>186,571</u>	<u>139,672</u>	<u>0</u>	<u>42,820,800</u>	<u>62,616,037</u>
0	0	53,967,157	0	53,967,157
902,182	0	0	0	902,182
857,661	0	0	0	857,661
0	0	0	0	503,721
0	0	0	0	353,403
0	0	0	0	367,868
0	0	0	0	51,016
0	0	0	0	149,973
0	72,802	0	0	(387,131)
<u>1,759,843</u>	<u>72,802</u>	<u>53,967,157</u>	<u>0</u>	<u>56,765,850</u>
<u>\$1,946,414</u>	<u>\$212,474</u>	<u>\$53,967,157</u>	<u>\$42,820,800</u>	<u>\$119,381,887</u>

*Adams County/Ohio Valley School District
Adams County*

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<u>Revenues:</u>						
Property Taxes	\$11,584,453	\$0	\$3,123,349	\$0	\$0	\$14,707,802
Intergovernmental	12,430,991	3,845,806	191,757	260,735	0	16,729,289
Interest	509,528	0	0	0	0	509,528
Tuition and Fees	43,258	6,370	0	0	0	49,628
Rent	15,002	0	0	0	0	15,002
Extracurricular Activities	1,504	269,415	0	0	0	270,919
Gifts and Donations	0	41,135	0	0	35,440	76,575
Customer Services	56,485	0	0	0	0	56,485
Miscellaneous	104,830	62,374	0	16	50,138	217,358
Total Revenues	24,746,051	4,225,100	3,315,106	260,751	85,578	32,632,586
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	11,237,930	2,179,358	0	0	8	13,417,296
Special	2,535,992	1,666,251	0	0	0	4,202,243
Vocational	1,877,541	131,443	0	0	0	2,008,984
Adult/Continuing	35	12,663	0	0	0	12,698
Other	67,459	0	0	0	0	67,459
Support Services:						
Pupils	1,316,054	178,858	0	0	0	1,494,912
Instructional Staff	894,582	972,369	0	0	0	1,866,951
Board of Education	547,653	0	0	0	0	547,653
Administration	2,280,665	105,803	0	0	0	2,386,468
Fiscal	732,916	11,213	75,545	0	0	819,674
Business	79,380	0	0	0	0	79,380
Operation and Maintenance of Plant	3,408,981	6,405	0	0	0	3,415,386
Pupil Transportation	1,992,598	26,158	0	0	0	2,018,756
Central	106,708	51,931	0	0	0	158,639
Non-Instructional Services	1,284	818	0	0	10,435	12,537
Extracurricular Activities	203,018	197,101	0	0	0	400,119
Capital Outlay	378,050	150,085	0	210,348	83,165	821,648
Intergovernmental	0	75,740	0	0	0	75,740
Debt Service:						
Principal Retirement	0	0	971,616	0	0	971,616
Interest and Fiscal Charges	0	0	2,379,077	0	0	2,379,077
Total Expenditures	27,660,846	5,766,196	3,426,238	210,348	93,608	37,157,236
Excess of Revenues Over (Under) Expenditures	(2,914,795)	(1,541,096)	(111,132)	50,403	(8,030)	(4,524,650)
<u>Other Financing Sources (Uses):</u>						
Proceed from Sale of Fixed Assets	4,870	0	0	0	0	4,870
Operating Transfers In	340,055	29,915	0	0	0	369,970
Operating Transfers Out	(29,915)	(7,111)	(332,944)	0	0	(369,970)
Total Other Financing Sources (Uses)	315,010	22,804	(332,944)	0	0	4,870
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,599,785)	(1,518,292)	(444,076)	50,403	(8,030)	(4,519,780)
Fund Balances at Beginning of Year Restated (Note 17)	2,087,279	963,919	2,391,793	34,807	37,061	5,514,859
Fund Balances (Deficits) at End of Year	(\$512,506)	(\$554,373)	\$1,947,717	\$85,210	\$29,031	\$995,079

See accompanying notes to the general-purpose financial statements

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*Adams County/Ohio Valley School District
Adams County*

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property Taxes	\$13,105,386	\$13,105,386	\$0	\$0	\$0	\$0
Intergovernmental	12,445,312	12,445,312	0	4,993,024	4,993,024	0
Interest	417,139	417,139	0	0	0	0
Tuition and Fees	69,045	69,045	0	6,370	6,370	0
Rent	15,002	15,002	0	0	0	0
Extracurricular Activities	1,504	1,504	0	269,415	269,415	0
Gifts and Donations	0	0	0	41,135	41,135	0
Customer Services	56,485	56,485	0	0	0	0
Miscellaneous	13,058	13,058	0	62,374	62,374	0
Total Revenues	26,122,931	26,122,931	0	5,372,318	5,372,318	0
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	11,272,462	11,272,462	0	2,187,453	2,187,453	0
Special	2,503,366	2,503,366	0	1,687,207	1,687,207	0
Vocational	1,869,304	1,869,304	0	134,303	134,303	0
Adult/Continuing	35	35	0	12,664	12,664	0
Other	67,659	67,659	0	0	0	0
Support Services:						
Pupils	1,329,338	1,329,338	0	188,628	188,628	0
Instructional Staff	900,685	900,685	0	1,006,419	1,006,419	0
Board of Education	623,734	623,734	0	0	0	0
Administration	2,239,716	2,239,716	0	108,226	108,226	0
Fiscal	710,347	710,347	0	10,784	10,784	0
Business	74,835	74,835	0	0	0	0
Operation and Maintenance of Plant	3,558,573	3,558,573	0	8,214	8,214	0
Pupil Transportation	1,990,053	1,990,053	0	26,230	26,230	0
Central	106,759	106,759	0	51,931	51,931	0
Non-Instructional Services	1,285	1,285	0	104,284	104,284	0
Extracurricular Activities	202,368	202,368	0	213,193	213,193	0
Capital Outlay	415,464	415,464	0	159,493	159,493	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	27,865,983	27,865,983	0	5,899,029	5,899,029	0
Excess of Revenues Over (Under) Expenditures	(1,743,052)	(1,743,052)	0	(526,711)	(526,711)	0

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,575,764	\$3,575,764	\$0	\$0	\$0	\$0	\$0	\$0	\$0
191,757	191,757	0	243,234	243,234	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
0	0	0	0	0	0	24,500	24,500	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>3,767,521</u>	<u>3,767,521</u>	<u>0</u>	<u>243,234</u>	<u>243,234</u>	<u>0</u>	<u>24,500</u>	<u>24,500</u>	<u>0</u>
0	0	0	140,006	140,006	0	0	0	0
0	0	0	6,437	6,437	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
0	0	0	0	0	0	0	0	0
0	0	0	55,544	55,544	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	445	445	0	0	0	0
75,545	75,545	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	0	0	0
0	0	0	0	0	0	10,452	10,452	0
0	0	0	0	0	0	0	0	0
0	0	0	9,363	9,363	0	33,165	33,165	0
971,616	971,616	0	0	0	0	0	0	0
<u>2,379,077</u>	<u>2,379,077</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>3,426,238</u>	<u>3,426,238</u>	<u>0</u>	<u>211,795</u>	<u>211,795</u>	<u>0</u>	<u>43,617</u>	<u>43,617</u>	<u>0</u>
<u>341,283</u>	<u>341,283</u>	<u>0</u>	<u>31,439</u>	<u>31,439</u>	<u>0</u>	<u>(19,117)</u>	<u>(19,117)</u>	<u>0</u>

(Continued)

*Adams County/Ohio Valley School District
Adams County*

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

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Other Financing Sources (Uses):</i>						
Proceeds from the Sale of Fixed Assets	4,870	4,870	0	0	0	0
Refund of Prior Year Expenditures	104,203	104,203	0	0	0	0
Refund of Prior Year Receipts	(835)	(835)	0	0	0	0
Advances In	82	82	0	105,895	1,133,308	1,027,413
Advances Out	(108,252)	(108,252)	0		(1,027,413)	(1,027,413)
Operating Transfers In	340,055	340,055	0	29,915	29,915	0
Operating Transfers Out	(29,915)	(29,915)	0	(7,111)	(7,111)	0
Other Financing Sources	0	0	0	55,465	55,465	0
Total Other Financing Sources (Uses)	<u>310,208</u>	<u>310,208</u>	<u>0</u>	<u>184,164</u>	<u>184,164</u>	<u>0</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,432,844)	(1,432,844)	0	(342,547)	(342,547)	0
Fund Balances at Beginning of Year	1,233,439	1,233,439	0	1,089,987	1,089,987	0
Prior Year Encumbrances Appropriated	462,381	462,381	0	228,914	228,914	0
Fund Balances at End of Year	<u>\$262,976</u>	<u>\$262,976</u>	<u>\$0</u>	<u>\$976,354</u>	<u>\$976,354</u>	<u>\$0</u>

See accompanying notes to the general-purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(49,870)	(49,870)	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
(332,944)	(332,944)	0	0	0	0	0	0	0
0	0	0	0	0	0	10,940	10,940	0
<u>(332,944)</u>	<u>(332,944)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(38,930)</u>	<u>(38,930)</u>	<u>0</u>
8,339	8,339	0	31,439	31,439	0	(58,047)	(58,047)	0
1,836,928	1,836,928	0	32,605	32,605	0	70,822	70,822	0
0	0	0	2,733	2,733	0	16,239	16,239	0
<u>\$1,845,267</u>	<u>\$1,845,267</u>	<u>\$0</u>	<u>\$66,777</u>	<u>\$66,777</u>	<u>\$0</u>	<u>\$29,014</u>	<u>\$29,014</u>	<u>\$0</u>

*Adams County/Ohio Valley School District
Adams County*

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

	Proprietary Fund Type <u>Enterprise</u>	Fiduciary Fund Type Nonexpendable Trust	Totals (Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$991,245	\$0	\$991,245
Interest	0	2,083	2,083
Contributions and Donations	0	949	949
Total Operating Revenues	<u>991,245</u>	<u>3,032</u>	<u>994,277</u>
<u>Operating Expenses:</u>			
Salaries	512,184	0	512,184
Fringe Benefits	249,620	0	249,620
Purchased Services	129,848	0	129,848
Materials and Supplies	53,665	0	53,665
Cost of Sales	815,562	0	815,562
Depreciation	84,003	0	84,003
Other	84,326	185	84,511
Total Operating Expenses	<u>1,929,208</u>	<u>185</u>	<u>1,929,393</u>
Operating Income (Loss)	<u>(937,963)</u>	<u>2,847</u>	<u>(935,116)</u>
<u>Non-Operating Revenues:</u>			
Interest	50,923	0	50,923
Federal Donated Commodities	142,414	0	142,414
Federal and State Subsidies	848,613	0	848,613
Total Non-Operating Revenues	<u>1,041,950</u>	<u>0</u>	<u>1,041,950</u>
Net Income	103,987	2,847	106,834
Retained Earnings/Fund Balance at Beginning of Year	<u>753,674</u>	<u>40,924</u>	<u>794,598</u>
Retained Earnings/Fund Balance at End of Year	857,661	43,771	901,432
Contributed Capital at Beginning and End of Year	<u>902,182</u>	<u>0</u>	<u>902,182</u>
Total Fund Equity at End of Year	<u><u>\$1,759,843</u></u>	<u><u>\$43,771</u></u>	<u><u>\$1,803,614</u></u>

See accompanying notes to the general-purpose financial statements

*Adams County/Ohio Valley School District
Adams County*

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

	<u>Enterprise Fund</u>			<u>Nonexpendable Trust Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<u>Revenues:</u>						
Sales	\$991,245	\$991,245	\$0	\$0	\$0	\$0
Federal and State Subsidies	756,976	756,976	0	0	0	0
Interest	50,923	50,923	0	2,231	2,231	0
Contributions and Donations	0	0	0	949	949	0
Total Revenues	<u>1,799,144</u>	<u>1,799,144</u>	<u>0</u>	<u>3,180</u>	<u>3,180</u>	<u>0</u>
<u>Expenses:</u>						
Salaries	511,918	511,918	0	0	0	0
Fringe Benefits	247,013	247,013	0	0	0	0
Purchased Services	168,523	168,523	0	0	0	0
Materials and Supplies	759,187	759,187	0	0	0	0
Capital Outlay	100,818	100,818	0	0	0	0
Other	88,149	88,149	0	185	185	0
Total Expenses	<u>1,875,608</u>	<u>1,875,608</u>	<u>0</u>	<u>185</u>	<u>185</u>	<u>0</u>
Excess of Revenues Over (Under) Expenses	(76,464)	(76,464)	0	2,995	2,995	0
Fund Equity at Beginning of Year	861,015	861,015	0	40,725	40,725	0
Prior Year Encumbrances Appropriated	143,963	143,963	0	0	0	0
Fund Equity at End of Year	<u>\$928,514</u>	<u>\$928,514</u>	<u>\$0</u>	<u>\$43,720</u>	<u>\$43,720</u>	<u>\$0</u>

See accompanying notes to the general-purpose financial statements

Adams County/Ohio Valley School District
Adams County

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

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$991,245	\$0	\$991,245
Cash Received from Contributions and Donations	0	949	949
Cash Payments to Suppliers for Goods and Services	(859,301)	0	(859,301)
Cash Payments to Employees for Services	(511,918)	0	(511,918)
Cash Payments for Employee Benefits	(245,688)	0	(245,688)
Cash Payments for Other Operating Activities	(84,326)	(185)	(84,511)
Net Cash Provided by (Used for) Operating Activities	(709,988)	764	(709,224)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Federal and State Subsidies Received	756,976	0	756,976
Net Cash Provided by Noncapital Financing Activities	756,976	0	756,976
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(117,040)	0	(117,040)
Net Cash Used for Capital and Related Financing Activities	(117,040)	0	(117,040)
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	50,923	2,231	53,154
Net Increase in Cash and Cash Equivalents	(19,129)	2,995	362,354
Cash and Cash Equivalents at Beginning of Year	1,004,978	40,725	1,045,703
Cash and Cash Equivalents at End of Year	\$985,849	\$43,720	\$1,408,057
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$937,963)	\$2,847	(\$935,116)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	84,003	0	84,003
Donated Commodities Used During Year	142,414	0	142,414
Interest Received by Nonexpendable Trust	0	(2,083)	(2,083)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Materials and Supplies Inventory	2,226	0	2,226
(Increase) in Inventory Held for Resale	(561)	0	(561)
Increase in Accrued Wages and Benefits	7,544	0	7,544
(Decrease) in Accounts Payable	(1,155)	0	(1,155)
(Decrease) in Contracts Payable	(3,150)	0	(3,150)
(Decrease) in Compensated Absences Payable	(2,559)	0	(2,559)
(Decrease) in Intergovernmental Payable	(787)	0	(787)
Total Adjustments	227,975	(2,083)	225,892
Net Cash Provided by (Used for) Operating Activities	(\$709,988)	\$764	(\$709,224)

Reconciliation of Nonexpendable Trust Fund to Balance Sheet

Cash and Cash Equivalents - All Fiduciary Funds	\$212,278
Cash and Cash Equivalents - Agency Funds	(139,527)
Cash and Cash Equivalents - Expendable Trust Fund	(29,031)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$43,720

See accompanying notes to the general-purpose financial statements

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The Adams County/Ohio Valley School District serves an area of approximately 640 square miles, with 99% of its territory located in Adams County and the remaining 1% in Highland County. Political subdivisions included in the School District are the Villages of West Union, Manchester, Peebles, Winchester, Sinking Spring, Cherry Fork, Rome, and Seaman, the fifteen townships of Adams County and the southern half of Brush Township in Highland County. The School District is staffed by 235 non-certificated employees, 431 certificated employees who provide services to 5,160 students and other community members. The School District currently operates 12 instructional buildings, 1 administrative building, 2 bus garages and a supply warehouse.

Reporting Entity:

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY
(continued)

The following activities are included within the reporting entity:

Non-Public Schools - The Adams County Christian School is operated within the School District boundaries. Current State legislation provides funding to these non-public schools. These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public school. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in two organizations which are classified as jointly governed organizations. These organizations are the South Central Ohio Computer Association and Hopewell Special Education Regional Resource Center. These organizations are presented in Note 15 to the general purpose financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Adams County/Ohio Valley 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.

A. Basis Of Presentation - Fund Accounting

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories 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 and trust funds) are accounted for through governmental funds.

The following are the School District's governmental fund types:

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

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the School District in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The School District's fiduciary funds include expendable trust, nonexpendable trust, and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds.

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

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The 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 is authorized to further allocate Board of Education appropriations to the function and object level for all funds. Because the activity of agency funds is not budgeted, advances-in and advances-out do not equal on a budgetary basis by \$2,275.

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.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

By no later than January 20, the Board-adopted budget is filed with the Adams County Budget Commission for rate determination.

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the fund level. Prior to year-end the School District passed a supplemental appropriation that reflected actual expenditures and encumbrances for the fiscal year.

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.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Investments

To improve cash management, all cash received by the School District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2001, the School District's investments were limited to money market mutual funds, Federal Home Loan Bank Bonds, Federal Home Loan Mortgage Corporation Bonds, Federal National Mortgage Association Bonds, Federal Farm Credit Bank Bonds, and certificates of deposit.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$509,528, which includes \$339,564 assigned from other School District funds. The enterprise and nonexpendable trust fund also received interest revenue of \$50,923 and \$2,083, respectively.

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

E. Inventory

Inventories of proprietary funds are stated at the lower of cost or market. Cost is determined on a first-in, first-out basis. Inventories of proprietary funds consist of donated food and purchased food held for resale and supplies and are expensed when used.

F. Prepaid Items

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the 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 one thousand dollars.

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

All assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Class</u>	<u>Useful Life in Years</u>
Land and Improvements	0 to 5 years
Buildings and Improvements	20 to 50 years
Furniture, Fixtures and Equipment	6 to 15 years
Vehicles	10 years
Infrastructure	50 years
Educational Media	10 years

H. Interfund Assets/Liabilities

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the termination payment method. An accrual for earned sick leave is made to the extent it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

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, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are considered not to have used current available financial resources. Bonds and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Interfund Transactions

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

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

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets represents amounts required by statute to be set-aside by the School District for budget stabilization. See Note 16 for additional information regarding set-asides.

M. Fund Designations

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. The designations represent monies for textbooks and instructional materials and capital acquisitions in excess of the statutorily required amounts.

N. Fund Balance Reserves

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

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Estimates

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

P. Contributed Capital

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1995, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

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.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 3 - ACCOUNTABILITY / COMPLIANCE

Accountability :

At June 30, 2001, the following funds had deficit fund balances:

General Fund	\$512,506
Special Revenue Funds:	
Disadvantaged Pupil Impact Aid	194,612
Title VI-B	119,644
Vocational Education	39,128
Title I	1,177,033

The general fund deficit was due to adjustments for accrued liabilities. The District is monitoring the general fund deficit and will take appropriate action if deemed necessary. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Compliance :

The District did not certify the availability of funds for certain expenditures.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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 disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances-in and advances-out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

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 and Expendable Trust Fund

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$2,599,785)	(\$1,518,292)	(\$444,076)	\$50,403	(\$8,030)
Revenue Accruals	1,430,205	1,202,683	452,415	(17,517)	(50,138)
Increase in Fair Market Value of Investments	50,878	0	0	0	0
Expenditure Accruals	157,956	36,635	0	8,027	138
Advances	(108,170)	105,895	0	0	0
Encumbrances	(363,928)	(169,468)	0	(9,474)	(17)
Budget Basis	<u>(\$1,432,844)</u>	<u>(\$342,547)</u>	<u>\$8,339</u>	<u>\$31,439</u>	<u>(\$58,047)</u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (Continued)

Net Income/Excess of Revenues Over (Under) Expenses
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	\$103,987	\$2,847
Revenue Accruals	(91,637)	148
Expense Accruals	(232,522)	0
Capital Outlay	117,040	0
Encumbrances	(57,335)	0
Depreciation Expense	84,003	0
Budget Basis	(\$76,464)	\$2,995

NOTE 5 - DEPOSITS AND INVESTMENTS

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

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

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

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

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

1. United States treasury 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 the 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. Bonds and other obligations of the State of Ohio;

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, 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 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,775,847 and the bank balance was \$3,278,296. Of the bank balance, \$228,082 was covered by federal depository insurance and \$3,050,214 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of 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 fiscal 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 which are held by the counterpart'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. Money market mutual fund investments are unclassified since they are not evidenced by securities that exist in physical or book entry form.

	Category 2	Fair Value
Money Market Mutual Funds	\$0	\$50,230
Federal Home Loan Bank Bonds	859,016	859,016
Federal Home Loan Mortgage Corporation Bonds	1,190,747	1,190,747
Federal National Mortgage Association Bonds	661,033	661,033
Federal Farm Credit Bank Bonds	406,376	406,376
	\$3,117,172	\$3,167,402

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (Continued)

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities that use Proprietary Fund Accounting. A reconciliation between the classification of cash and cash equivalents and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$4,943,249	\$0
Investments:		
Money Market Mutual Funds	(50,230)	50,230
Federal Home Loan Bank Bonds	(859,016)	859,016
Federal Home Loan Mortgage Corporation Bonds	(1,190,747)	1,190,747
Federal National Mortgage Association Bonds	(661,033)	661,033
Federal Farm Credit Bank Bonds	(406,376)	406,376
GASB Statement No. 3	\$1,775,847	\$3,167,402

NOTE 6 - PROPERTY TAXES

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

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

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2001 public utility property taxes became a lien December 31, 2000, are levied after April 1, 2001 and are collected in 2002 with real property taxes.

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

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 6 - PROPERTY TAXES (Continued)

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

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$243,454,480	41.86%	\$249,628,980	44.33%
Public Utility	312,989,380	53.82%	282,141,200	50.10%
Tangible Personal Property	25,153,240	4.32%	31,335,440	5.57%
Total Assessed Value	\$581,597,100	100.00%	\$563,105,620	100.00%
Tax rate per \$1,000 of assessed valuation	\$32.47		\$32.47	

The School District receives property taxes from Highland and Adams Counties. The County Auditors periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the Counties by June 30, 2001, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding, the late settlement of personal property taxes and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the delayed settlement of personal property tax and the amounts available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$273,699 in the general fund and \$79,704 in the debt service fund.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, intergovernmental grants, interest and interfund. 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 fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

Special Revenue Funds

Shawnee Project Discovery Grant	\$1,900
Title I	1,459,111
Title II	25,943
Title VI	39,650
Title VI-B Flow Through	239,585
Title VI-R Class Reduction	50,783
Reading Excellence Grant	80,652
Ohio First Year Grant	26,250
Carl Perkins	<u>21,598</u>
Total Special Revenue Funds	<u>1,945,472</u>

Capital Projects Funds

SchoolNet Assistance	2,000
SchoolNet Video Distance Learning	<u>17,500</u>
Total Capital Projects Funds	<u>19,500</u>

Enterprise Fund

Food Services	<u>199,953</u>
Total Intergovernmental Receivables	<u><u>\$2,164,925</u></u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$1,380,355
Less Accumulated Depreciation	<u>(646,220)</u>
Net Fixed Assets	<u><u>\$734,135</u></u>

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

Asset Category	Restated Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$4,678,814	\$172,084	\$0	\$4,850,898
Buildings and Improvements	55,294,752	509,300	0	55,804,052
Furniture, Fixtures and Equipment	6,210,051	2,069,756	22,934	8,256,873
Vehicles	2,674,677	454,000	0	3,128,677
Educational Media	<u>2,102,715</u>	<u>0</u>	<u>0</u>	<u>2,102,715</u>
Totals	<u><u>\$70,961,009</u></u>	<u><u>\$3,205,140</u></u>	<u><u>\$22,934</u></u>	74,143,215
Accumulated Depreciation				<u>(20,176,058)</u>
Total General Fixed Assets				<u><u>\$53,967,157</u></u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Indiana Insurance for property, inland marine coverage and fleet insurance. Liability insurance was provided by Nationwide / Wausau Insurance. Coverage provided by the insurance companies is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$103,321,193
Inland Marine Coverage (\$250 deductible)	2,879,175
Crime Insurance	50,000
Automobile Liability (\$2,500 deductible)	1,000,000
Uninsured Motorists (\$2,500 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000
Building and Contents-replacement cost (\$1,000 deductible)	\$103,321,193

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

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$145,891, \$190,268, and \$238,983, respectively; 35.82 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$93,634 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6.0 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,605,716, \$919,059, and \$745,792, respectively; 84.33 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$251,644 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (Continued)

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2001, one of the School District's members of the Board of Education have elected Social Security. The School District's liability is 6.2 percent of wages paid.

NOTE 11 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$760,602 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 million. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 11 - POSTEMPLOYMENT BENEFITS (Continued)

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent from fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$412,272.

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

NOTE 12 - 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 earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to two years accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 12 - OTHER EMPLOYEE BENEFITS (Continued)

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for administrators and classified personnel. Certified personnel may accumulate up to a maximum of 200 days for usage; however for retirement purposes, they may accumulate an unlimited number of days. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit. There is a maximum of 50 days for administrators and 59 ½ days for classified employees. The School District offers a super-severance provision for employees who retire in their first year of eligibility. Under this policy, payment is made for one-half of the accumulated sick leave credit up to a maximum of one hundred days.

B. Insurance Benefits

The School District provides life insurance and accidental death and dismemberment insurance to all employees through Anthem Life and Jefferson Pilat Financial. The School District has elected to provide employee medical/surgical and dental benefits through Anthem Blue Cross / Blue Shield. These benefits are provided at the expense of the Board of Education with the exception of non-certified employees hired after July 1, 1994, who contribute \$50 per month toward their family health plan.

C. Perfect / Excellent Attendance Incentive

Bonus checks are issued to employees who have perfect or excellent attendance in any full work year (July 1 - June 30). The incentive pay is earned based on the following chart.

Classified Employees			Administrators and Certified Employees	
Sick and Personal Days Used	9/10 Month Employees	11/12 Month Employees	Personal Days Used	Dollar Amount
0	\$250	\$300	0	\$100
1	175	200	1	75
2	100	125		

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
EPA Asbestos Loan 1987 0%	\$114,413	\$0	\$17,616	\$96,797
Energy Conservation Loan 1999 4.33%	696,000	0	174,000	522,000
School Improvement Bonds 1995 4.55% - 5.25%	40,150,000	0	750,000	39,400,000
School Improvement Bonds 1998 4.87%	240,000	0	30,000	210,000
Total Long - Term Loans and Bonds	<u>41,200,413</u>	<u>0</u>	<u>971,616</u>	<u>40,228,797</u>
Compensated Absences	2,235,926	162,943	0	2,398,869
Intergovernmental Payable-Pension Obligation	230,395	193,134	230,395	193,134
Total General Long-Term Obligations	<u>\$43,666,734</u>	<u>\$356,077</u>	<u>\$1,202,011</u>	<u>\$42,820,800</u>

EPA Asbestos Loan - On March 25, 1987, Adams County/Ohio Valley School District obtained a loan in the amount of \$317,092 for the purpose of providing asbestos removal for the School District, under the authority of Ohio Revised Code section 3317.22. The loan was issued for a twenty year period with final maturity during fiscal year 2007. The bonds will be retired from the debt service fund.

Energy Conservation Loan - On July 1, 1999, Adams County/Ohio Valley School District issued \$870,000 in unvoted general obligation 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 a six year period with final maturity during fiscal year 2004. The bonds will be retired from the debt service fund.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

School Improvement Bonds - On May 15, 1995, Adams County/Ohio Valley School District issued \$44,000,000 in voted general obligation bonds for the purpose of building new high schools and improvements to existing buildings. The bonds were issued for a twenty-seven year period with final maturity at December 1, 2021. The bonds will be retired from the debt service fund.

School Improvement Bonds - On August 24, 1998, Adams County/Ohio Valley School District issued \$300,000 in unvoted general obligation bonds for the purpose of acquiring a bus garage. The bonds were issued for a nine year period with final maturity at December 1, 2007. The bonds will be retired from the debt service fund.

Compensated absences and the pension obligation will be paid from the funds from which the employees' salaries are paid.

The School District's overall legal debt margin was \$13,017,223 with an unvoted debt margin of \$563,106 at June 30, 2001.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	\$1,007,116	\$2,331,172	\$3,338,288
2003	1,121,616	2,282,412	3,404,028
2004	1,221,616	2,217,915	3,439,531
2005	1,062,117	2,145,267	3,207,384
2006	1,047,617	2,077,255	3,124,872
2007-2011	7,093,715	9,305,251	16,398,966
2012-2016	10,375,000	6,472,375	16,847,375
2017-2021	13,950,000	2,800,875	16,750,875
2022	3,350,000	87,938	3,437,938
Total	<u>\$40,228,797</u>	<u>\$29,720,460</u>	<u>\$69,949,257</u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable	Payable
General Fund	\$1,177,347	\$0
Special Revenue Funds:		
Other Grant	0	14,453
Career Development Grant	0	3,460
Title II	0	16,553
Title VI-B	0	87,769
Carl Perkins	0	51,373
Title I	0	989,318
Title VI	0	2,372
Continuous Improvement	0	7,260
Other Federal Grants	0	2,039
Total Special Revenue Funds	0	1,174,597
Capital Projects Fund:		
ARC: Entrepreneurial Grant	0	475
Agency Fund:		
Student Managed Activities		2,275
Total All Funds	\$1,177,347	\$1,177,347

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. South Cental Ohio Computer Association (SCOCA)

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus the fiscal agent. The School District paid SCOCA \$59,884 for services provided during the year. Financial information can be obtained from their fiscal agent, Tonya Cooper who serves as Treasurer, at the Pike County Joint Vocational School, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

B. Hopewell Special Education Regional Resource Center (Hopewell)

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end and carried forward to be used for the same purposes in future years.

For fiscal year ended June 30, 2001, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES (continued)

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2000	(\$428,591)	\$0	\$367,868
Current Year Set-aside Requirement	609,482	609,482	0
Qualifying Disbursements	(985,345)	(1,370,867)	0
Set-aside Balance Carried Forward to Future Years	<u>\$(804,454)</u>	<u>\$0</u>	<u>\$367,868</u>
Set -aside Reserve Balance as of June 30, 2001	<u>\$0</u>		<u>\$367,868</u>

Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero for the capital acquisition, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the capital acquisition set-aside.

The total reserve balance for the set-asides at the end of the fiscal year was \$367,868.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 17 - CHANGE IN ACCOUNTING PRINCIPLE/RESTATEMENT OF FUND BALANCES

For fiscal year 2001, the School District has implemented *GASB Statement No. 33, Accounting and Financial Reporting for Nonexchange Transactions*, and *GASB Statement No. 36, Recipient Reporting for Certain Shared Nonexchange Revenues*, which changes how the School District reports certain types of revenues. Implementation of these pronouncements did not effect the financial statements.

A special revenue fund was reclassified as part of the general fund. This change resulted in the following restatement of beginning fund balances:

	General Fund	Special Revenue Funds
Fund Balances, June 30, 2000	\$2,067,323	\$983,875
Fund Classification Change	19,956	(19,956)
Restated Fund Balances, June 30, 2000	\$2,087,279	\$963,919

The School District had incorrectly reported funds on deposit with deferred compensation plans in previous years. As of June 30, 2000 the amounts in the deferred compensation agency fund have been removed from the books.

NOTE 18 - CONTINGENCIES

A. Grants

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001
(Continued)

NOTE 18 - CONTINGENCIES (Continued)

B. Litigation

The School District is party to legal proceedings. The School District's management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

NOTE 19 - SUBSEQUENT EVENT

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

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

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

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 21, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts.

Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as a basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such consideration.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

(Continued)

NOTE 19 - SUBSEQUENT EVENT (Continued)

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

**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$142,514	\$0	\$142,514
Child Nutrition Cluster:						
School Breakfast Program	05-PU-00	10.553	41,511	0	41,511	0
	05-PU-01	10.553	101,184	0	101,184	0
Total School Breakfast Program			142,695	0	142,695	0
National School Lunch Program	LL-P1-00	10.555	135,789	0	135,789	0
	LL-P1-01	10.555	338,533	0	338,533	0
	LL-P4-00	10.555	26,961	0	26,961	0
	LL-P4-01	10.555	67,517	0	67,517	0
Total National School Lunch Program			568,800	0	568,800	0
Total U.S. Department of Agriculture			711,495	142,514	711,495	142,514
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	C1-S1-99	84.010	680,588	0	680,588	0
	C1-S1-00	84.010	172,378	0	408,751	0
	C1-S1-01	84.010	327,526	0	677,577	0
Total Title 1			1,180,492	0	1,766,916	0
Special Education Cluster:						
Special Education - Grants to States	6B-PM-00	84.027	25,000	0	21,950	0
	6B-PM-01	84.027	166,568	0	166,568	0
	6B-SF-01	84.027	184,706	0	189,536	0
Total Special Education			376,274	0	378,054	0
Special Education Preschool Grants	PG-S6-00	84.173	0	0	13,244	0
	PG-S6-01	84.173	20,037	0	7,904	0
			20,037	0	21,148	0
Total Special Education Cluster			396,311	0	399,202	0
Vocational Educational Basic Grants to States	20-C1-00	84.048	12,710	0	1,104	0
	20-C1-01	84.048	120,316	0	136,178	0
Total Vocational Education			133,026	0	137,282	0
Safe and Drug -Free Schools and Communities-State Grants	DR-S1-00	84.186	16,130	0	17,753	0
	DR-S1-01	84.186	22,368	0	15,205	0
Total Drug-Free Schools			38,498	0	32,958	0
Goals 2000-State and Local Education Performance Incentive	G2-S1-00	84.276	42,975	0	0	0
Continuos Improvement	G2-S2-01	84.276	109,617	0	132,510	0
Entry Year Projects	G2-S3-99	84.276	91,250	0	64,632	0
Total Goals 2000			243,842	0	197,142	0
Eisenhower Professional Development State Grants	MS-S1-99	84.281	29,721	0	8,216	0
	MS-S1-00	84.281	22,354	0	23,004	0
	MS-S1-01	84.281	14,554	0	474	0
Total Eisenhower Professional Grants			66,629	0	31,694	0

ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Innovative Educational Program Strategies	C2-S1-99	84.298	5,003	0	0	0
	C2-S1-00	84.298	10,505	0	15,285	0
	C2-S1-01	84.298	5,629	0	2,313	0
Total Innovative Educational Strategies			<u>21,137</u>	0	<u>17,598</u>	0
Technology Literacy Challenge	TF-41-00	84.318	75,000	0	75,000	0
	TF-42-01		75,000		60,142	
	TF-VM-00		4,658		4,658	
			<u>154,658</u>		<u>139,800</u>	
Reading Excellence Tutorial Program	RN-S2-00	84.338	44,135	0	59,129	0
Class Size Reduction	CR-S1-00	84.340	145,537	0	53,740	0
	CR-S1-01		172,552		149,494	
Total Class Size Reduction			<u>318,089</u>		<u>203,234</u>	0
Total U.S.Department of Education			<u>2,596,817</u>	0	<u>2,984,955</u>	0
<u>U. S. DEPARTMENT OF LABOR</u>						
<i>Passed Through Region 7 School To Work Jackson City School District -Fiscal Agent School To Work</i>						
		17.249	2,500	0	2,711	0
Total U.S.Department of Labor			<u>2,500</u>	0	<u>2,711</u>	0
<u>APPALACHIAN REGIONAL COMMISSION</u>						
<i>Passed Through Ky Science and Technology Council Inc.:</i>						
		23.001	43,934	0	42,957	0
Total Appalachian Regional Development			<u>43,934</u>	0	<u>42,957</u>	0
<u>U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u>						
<i>Passed Through Ohio Department of Health:</i>						
		93.991	8,519	0	6,245	0
Medical Assistance		93.778	35,986	0	35,986	0
Total U.S. Department of Health and Human Services			<u>44,505</u>	0	<u>42,231</u>	0
<u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u>						
		66.701	0	0	17,612	0
Totals			<u><u>\$3,399,251</u></u>	<u><u>\$142,514</u></u>	<u><u>\$3,801,961</u></u>	<u><u>\$142,514</u></u>

The accompanying notes to this schedule are an integral part of this schedule.

ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY

NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had an insignificant amount of food commodities in its inventory.

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OFFICE OF THE AUDITOR

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

Adams County/Ohio Valley School District
Adams County
141 Lloyd Road
West Union, Ohio 45693

To the Board of Education:

We have audited the financial statements of Adams County/Ohio Valley School District, Adams County, Ohio (the District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 19, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2001-10401-001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2001-10401-001.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 19, 2001.

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

Jim Petro
Auditor of State

December 19, 2001



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

Adams County/Ohio Valley School District
Adams County
141 Lloyd Road
West Union, Ohio 45693

To the Board of Education:

Compliance

We have audited the compliance of Adams County/Ohio Valley School District, Adams County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

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

Internal Control Over Compliance

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

Adams County/Ohio Valley School District
Adams County
Report of Independent Accountants on Compliance with Requirements
Applicable to Each Major Federal Program and Internal
Control Over Compliance In Accordance With OMB Circular A-133
Page 2

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

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

Jim Petro
Auditor of State

December 19, 2001

**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY**

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

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)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(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 1 - CFDA #84.010, Goals 2000 -State and Local Education - CFDA #84.276
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2001-10401-001

Material Noncompliance / Reportable Condition

Ohio Rev. Code, Section 5705.41 (D), requires that no subdivision or taxing unit shall make any contract or give any order involving the expenditure of money unless there is attached thereto a certificate of the fiscal officer of the subdivision that the amount required to meet the obligation has been lawfully appropriated for such purpose and is in the treasury or in the process of collection to the credit of an appropriate fund free from any previous encumbrances. This certificate need be signed only by the subdivision's fiscal officer. Every contract made without such a certificate shall be void, and no warrant shall be issued in payment of any amount due thereon. This Section also provides for two exceptions to the above requirement:

1. Then and Now Certificates - If no certificate is furnished as required, upon receipt of the fiscal officer's certificate that a sufficient sum was, both at the time of the contract or order and at the time of the certificate, appropriated and free of any previous encumbrances, the District may authorize the issuance of a warrant in payment of the amount due upon such contract or order by resolution within 30 days from the receipt of such certificate.
2. If the amount involved is less than \$1,000, the fiscal officer may authorize payment through a Then-and-Now Certificate without affirmation of the Board of Education, if such expenditure is otherwise valid.

Where a continuing contract is to be performed in whole or in part in an ensuing fiscal year, only the amount required to meet those amounts in the fiscal year in which the contract is made need be certified.

Contrary to the above requirement, the availability of funds was not certified for 10% of the items tested. Failure to certify the availability of funds and encumber appropriations can result in overspending funds and negative cash balances. Therefore, we recommend the District obtain approved purchase orders, which contain the Treasurer's Certification that the amount required to meet the obligation has been lawfully appropriated and authorized, prior to making a commitment.

3. FINDINGS FOR FEDERAL AWARDS

None

**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT
ADAMS COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
2000-10401-001	Expenditures exceeded appropriations in various funds Rev. Code Section 5705.41(B).	Yes	The District corrected this matter.
2000-10401-002	Appropriations exceeded estimated revenue in various funds Rev. Code Section 5705.39.	Yes	The District corrected this matter.
2000-10401-003	The District did not certify the availability of funds prior to making some expenditures as required by Rev. Code Section 5705.41(D).	No	Not Corrected. The finding was reissued as finding number 2001-10401-001.
2000-10401-004	Board approved budgetary changes were not being recorded in the accounting system which was an Internal control reportable condition.	Yes	The District corrected this matter.



STATE OF OHIO
OFFICE OF THE AUDITOR

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ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**