



**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Scioto Valley Local School District, Pike County, Ohio (the School 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 School District's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the 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 Scioto Valley Local School District, Pike County as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

During the year ended June 30, 2001, as described in Note 18 to the general-purpose financial statements, the School District adopted Governmental Accounting Statement Nos. 33 and 36.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2002 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

February 28, 2002

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SCIOTO VALLEY LOCAL SCHOOL DISTRICT

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	\$5,766,018	\$572,167	\$749,708	\$10,250,964
Cash and Cash Equivalents with Fiscal Agents	0	0	20,000	0
Receivables:				
Taxes	4,840,662	113,232	860,129	0
Intergovernmental	0	120,201	0	0
Accrued Interest	207	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	27,381	0	0	0
Prepaid Items	22,657	0	0	3,281
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	206,629
Cash with Escrow Agents	0	0	0	26,466
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	\$10,656,925	\$805,600	\$1,629,837	\$10,487,340

<i>PRORIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$0	\$4,203	\$15,494	\$0	\$0	\$17,358,554
0	0	0	0	0	20,000
0	0	0	0	0	5,814,023
0	0	0	0	0	120,201
0	0	0	0	0	207
10,291	0	0	0	0	10,291
367	0	0	0	0	27,748
0	0	0	0	0	25,938
0	0	0	0	0	206,629
0	0	0	0	0	26,466
18,481	0	0	12,011,351	0	12,029,832
0	0	0	0	943,299	943,299
0	0	0	0	2,864,855	2,864,855
----- \$29,139	----- \$4,203	----- \$15,494	----- \$12,011,351	----- \$3,808,154	----- \$39,448,043

(continued)

SCIOTO VALLEY LOCAL SCHOOL DISTRICT

Combined Balance Sheet

All Fund Types and Account Groups

June 30, 2001

	GOVERNMENTAL FUND TYPES			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities,</i>				
<i>Fund Equity and Other Credits:</i>				
<i>Liabilities:</i>				
Accounts Payable	\$16,322	\$2,817	\$0	\$0
Contracts Payable	0	0	0	1,200,860
Accrued Wages and Benefits	722,103	149,999	0	0
Compensated Absences Payable	5,490	0	0	0
Retainage Payable	0	0	0	233,095
Intergovernmental Payable	155,823	25,044	0	0
Deferred Revenue	3,751,963	207,934	666,538	0
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	20,000	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	4,651,701	385,794	686,538	1,433,955
<i>Fund Equity and Other Credits:</i>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	38,308	24,043	0	3,322,529
Reserved for Inventory	27,381	0	0	0
Reserved for Property Taxes	86,089	2,074	15,557	0
Unreserved:				
Undesignated	5,853,446	393,689	927,742	5,730,856
Total Fund Equity and Other Credits	6,005,224	419,806	943,299	9,053,385
Total Liabilities, Fund Equity and Other Credits	\$10,656,925	\$805,600	\$1,629,837	\$10,487,340

See accompanying notes to the general purpose financial statements

<i>PRORIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust & Agency</i>	<i>General Fixed Assets</i>	<i>General Long-Term Obligations</i>	
\$479	\$0	\$0	\$0	\$0	\$19,618
0	0	0	0	0	1,200,860
34,146	0	0	0	0	906,248
10,271	0	0	0	477,689	493,450
0	0	0	0	0	233,095
15,918	0	0	0	75,465	272,250
8,725	0	0	0	0	4,635,160
0	0	15,494	0	0	15,494
0	0	0	0	0	20,000
0	250,175	0	0	0	250,175
0	0	0	0	3,255,000	3,255,000
-----	-----	-----	-----	-----	-----
69,539	250,175	15,494	0	3,808,154	11,301,350
-----	-----	-----	-----	-----	-----
0	0	0	12,011,351	0	12,011,351
(40,400)	(245,972)	0	0	0	(286,372)
0	0	0	0	0	3,384,880
0	0	0	0	0	27,381
0	0	0	0	0	103,720
0	0	0	0	0	12,905,733
-----	-----	-----	-----	-----	-----
(40,400)	(245,972)	0	12,011,351	0	28,146,693
-----	-----	-----	-----	-----	-----
\$29,139	\$4,203	\$15,494	\$12,011,351	\$3,808,154	\$39,448,043
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SCIOTO VALLEY LOCAL SCHOOL DISTRICT
 Combined Statement of Revenues, Expenditures
 and Changes in Fund Balances
 All Governmental Fund Types
 For the Fiscal Year Ended June 30, 2001

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<u>Revenues:</u>					
Intergovernmental	\$5,078,850	\$1,415,842	\$26,004	\$9,959,632	\$16,480,328
Interest	284,861	532	0	266,046	551,439
Tuition and Fees	11,744	0	0	0	11,744
Rent	12,557	0	0	0	12,557
Extracurricular Activities	0	69,757	0	0	69,757
Gifts and Donations	0	6,558	0	0	6,558
Property and Other Local Taxes	3,378,915	78,936	599,955	0	4,057,806
Customer Services	77,193	0	0	0	77,193
Miscellaneous	91,277	6,501	0	0	97,778
<i>Total Revenues</i>	8,935,397	1,578,126	625,959	10,225,678	21,365,160
<u>Expenditures:</u>					
Current:					
Instruction:					
Regular	3,417,352	540,422	0	0	3,957,774
Special	579,804	598,097	0	0	1,177,901
Other	19,353	0	0	0	19,353
Support Services:					
Pupils	348,798	19,735	0	0	368,533
Instructional Staff	237,193	213,599	0	0	450,792
Board of Education	8,892	0	0	0	8,892
Administration	913,072	6,863	0	0	919,935
Fiscal	270,917	5,883	20,660	0	297,460
Operation and Maintenance of Plant	948,799	3,071	0	0	951,870
Pupil Transportation	988,750	3,300	0	0	992,050
Central	81,864	12,982	0	28,357	123,203
Intergovernmental	0	57,706	0	0	57,706
Extracurricular Activities	173,291	54,325	0	0	227,616
Capital Outlay	23,279	0	0	9,046,163	9,069,442
Debt Service:					
Debt Service - Principal	0	0	85,000	0	85,000
Debt Service - Interest	0	0	221,022	0	221,022
<i>Total Expenditures</i>	8,011,364	1,515,983	326,682	9,074,520	18,928,549
Excess of Revenues Over (Under) Expenditures	924,033	62,143	299,277	1,151,158	2,436,611
<u>Other Financing Sources(Uses):</u>					
Proceeds from Sale of Fixed Assets	2,510	0	0	0	2,510
Operating Transfers In	0	0	0	91,553	91,553
Operating Transfers Out	(223,138)	0	0	0	(223,138)
<i>Total Other Financing Sources (Uses)</i>	(220,628)	0	0	91,553	(129,075)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Use:	703,405	62,143	299,277	1,242,711	2,307,536
Fund Balances at Beginning of Year as Restated in Note 18	5,302,380	357,663	644,022	7,810,674	14,114,739
Increase (Decrease) in Inventory	(561)	0	0	0	(561)
Fund Balances at End of Year	\$6,005,224	\$419,806	\$943,299	\$9,053,385	\$16,421,714

See accompanying notes to the general purpose financial statements

SCIOTO VALLEY LOCAL SCHOOL DISTRICT
Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2001

	GENERAL FUND			SPECIAL REVENUE FUNDS		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Intergovernmental	\$5,079,750	\$5,079,750	\$0	\$1,560,166	\$1,560,166	\$0
Interest	295,045	284,911	(10,134)	485	532	47
Tuition and Fees	11,744	11,744	0	0	0	0
Rent	14,132	12,557	(1,575)	0	0	0
Extracurricular Activities	0	0	0	69,079	69,757	678
Gifts and Donations	0	0	0	6,558	6,558	0
Property and Other Local Taxes	3,403,854	3,403,854	0	79,529	79,529	0
Customer Services	77,193	77,193	0	0	0	0
Miscellaneous	0	0	0	6,501	6,501	0
Total Revenues	8,881,718	8,870,009	(11,709)	1,722,318	1,723,043	725
<u>Expenditures:</u>						
Current:						
Instruction:						
Regular	3,403,263	3,402,132	1,131	551,560	551,560	0
Special	574,393	574,393	0	596,813	596,813	0
Other	19,353	19,353	0	0	0	0
Support Services:						
Pupils	319,117	319,117	0	19,944	19,944	0
Instructional Staff	238,991	238,991	0	212,960	212,960	0
Board of Education	8,892	8,892	0	0	0	0
Administration	916,800	916,746	54	6,836	6,836	0
Fiscal	262,409	262,409	0	5,876	5,876	0
Operation and Maintenance of Plant	944,777	940,999	3,778	3,071	3,071	0
Pupil Transportation	989,536	984,256	5,280	3,300	3,300	0
Central	81,420	81,207	213	13,343	13,343	0
Intergovernmental	169,103	169,103	0	57,706	57,706	0
Extracurricular Activities	24,779	24,779	0	55,166	55,166	0
Capital Outlay	0	0	0	0	0	0
Debt Service:						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
Total Expenditures	7,952,833	7,942,377	10,456	1,526,575	1,526,575	0
Excess of Revenues Over (Under) Expenditures	928,885	927,632	(1,253)	195,743	196,468	725
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	0	0	0	0	0	0
Proceeds from Sale Fixed Assets	2,510	2,510	0	0	0	0
Operating Transfers Out	(223,138)	(223,138)	0	0	0	0
Refund of Prior Year Expenditures	91,277	91,277	0	0	0	0
Total Other Financing Sources (Uses)	(129,351)	(129,351)	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	799,534	798,281	(1,253)	195,743	196,468	725
Fund Balances at Beginning of Year	4,675,731	4,675,731	0	343,297	343,297	0
Prior Year Encumbrances Appropriated	251,872	251,872	0	8,084	8,084	0
Fund Balances at End of Year	\$5,727,137	\$5,725,884	(\$1,253)	\$547,124	\$547,849	\$725

See accompanying notes to the general purpose financial statements

<i>DEBT SERVICE FUND</i>			<i>CAPITAL PROJECTS FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$26,004	\$26,004	\$0	\$9,959,632	\$9,959,632	\$0
0	0	0	266,611	266,046	(565)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
604,423	604,423	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
630,427	630,427	0	10,226,243	10,225,678	(565)
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
20,660	20,660	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	28,357	28,357	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	12,149,988	12,149,988	0
85,000	85,000	0	0	0	0
221,022	221,022	0	0	0	0
326,682	326,682	0	12,178,345	12,178,345	0
303,745	303,745	0	(1,952,102)	(1,952,667)	(565)
0	0	0	91,553	91,553	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	91,553	91,553	0
303,745	303,745	0	(1,860,549)	(1,861,114)	0
445,963	445,963	0	(4,291,422)	(4,291,422)	0
0	0	0	12,098,815	12,098,815	0
\$749,708	\$749,708	\$0	\$5,946,844	\$5,946,279	\$0

SCIOTO VALLEY LOCAL SCHOOL DISTRICT
Statement of Revenues,
Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Operating Revenues:</u>			
Sales	\$133,089	\$0	\$133,089
Charges for Services	0	971,145	971,145
<i>Total Operating Revenues</i>	133,089	971,145	1,104,234
<u>Operating Expenses:</u>			
Salaries	186,965	0	186,965
Fringe Benefits	82,814	0	82,814
Purchased Services	9,042	207,359	216,401
Materials and Supplies	7,898	0	7,898
Cost of Sales	224,579	0	224,579
Depreciation	1,823	0	1,823
Claims	0	888,857	888,857
Other Operating Expenses	7,594	0	7,594
<i>Total Operating Expenses</i>	520,715	1,096,216	1,616,931
Operating Income (Loss)	(387,626)	(125,071)	(512,697)
<u>Non-Operating Revenues (Expenses):</u>			
Federal Donated Commodities	25,337	0	25,337
Interest Income	43	0	43
Federal and State Subsidies	261,695	0	261,695
<i>Total Non-Operating Revenues (Expenses)</i>	287,075	0	287,075
Net Income (Loss) Before Transfers	(100,551)	(125,071)	(225,622)
<u>Non-Operating Revenues (Expenses):</u>			
Operating Transfers In	46,585	85,000	131,585
Net Income (Loss)	(53,966)	(40,071)	(94,037)
Retained Earnings at Beginning of Year	13,566	(205,901)	(192,335)
Retained Earnings (Deficit) at End of Year	(\$40,400)	(\$245,972)	(\$286,372)

See accompanying notes to the general purpose financial statements

SCIOTO VALLEY LOCAL SCHOOL DISTRICT
Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis)
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	ENTERPRISE FUND			INTERNAL SERVICE FUND		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Operating Revenues:</u>						
Sales	\$133,089	\$133,089	\$0	\$0	\$0	\$0
Charges for Services	0	0	0	971,145	971,145	0
<i>Total Operating Revenues</i>	133,089	133,089	0	971,145	971,145	0
<u>Operating Expenses:</u>						
Salaries	184,269	184,269	0	0	0	0
Fringe Benefits	80,705	80,705	0	869,881	869,881	0
Purchased Services	8,613	8,613	0	207,359	207,359	0
Materials and Supplies	206,365	206,365	0	0	0	0
Capital Outlay	995	995	0	0	0	0
Other	7,594	7,594	0	0	0	0
<i>Total Operating Expenses</i>	488,541	488,541	0	1,077,240	1,077,240	0
<i>Operating Income (Loss)</i>	(355,452)	(355,452)	0	(106,095)	(106,095)	0
<u>Non-Operating Revenues and Expenses:</u>						
Interest	43	43	0	0	0	0
Federal and State Subsidies	261,695	261,695	0	0	0	0
<i>Total Non-Operating Revenues and Expenses</i>	261,738	261,738	0	0	0	0
<i>Excess of Revenues Over(Under) Expenses</i>	(93,714)	(93,714)	0	(106,095)	(106,095)	0
<u>Operating Expenses:</u>						
Operating Transfers In	46,585	46,585	0	85,000	85,000	0
<i>Excess of Revenues and Other Over(Under) (Under) Expenses and Other</i>	(47,129)	(47,129)	0	(21,095)	(21,095)	0
Fund Equity at Beginning of Year	41,220	41,220	0	25,298	25,298	0
Prior Year Encumbrances Apporriated	5,909	5,909	0	0	0	0
Fund Equity at End of Year	\$0	\$0	\$0	\$4,203	\$4,203	\$0

See accompanying notes to the general purpose financial statements

SCIOTO VALLEY LOCAL SCHOOL DISTRICT
Statement of Cash Flows
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2001

	Proprietary Fund Type		Totals (Memorandum Only)
	Enterprise	Internal Service	
<i>Increase (Decrease) in Cash and Cash Equivalents:</i>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$133,089	\$971,145	\$1,104,234
Cash Payments to Suppliers for Goods and Services	(222,572)	(207,359)	(429,931)
Cash Payments to Employees for Services	(184,267)	0	(184,267)
Cash Payments for Employee Benefits	(80,705)	(869,881)	(950,586)
Net Cash Used for Operating Activities	(354,455)	(106,095)	(460,550)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	261,695	0	261,695
Operating Transfers In	46,585	85,000	131,585
Cash from Noncapital Financing Activities	308,280	85,000	393,280
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(995)	0	(995)
<u>Cash Flows from Investing Activities:</u>			
Interest	43	0	43
Net Decrease in Cash and Cash Equivalents	(47,127)	(21,095)	(68,222)
Cash and Cash Equivalents at Beginning of Year	47,127	25,298	72,425
Cash and Cash Equivalents at End of Year	\$0	\$4,203	4,203
<u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u>			
Operating Loss	(\$387,626)	(\$125,071)	(512,697)
<u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u>			
Depreciation	1,823	0	1,823
Donated Commodities Used During Year	25,337	0	25,337
Changes in Assets and Liabilities:			
Decrease in Inventory Held for Resale	856	0	856
Increase in Materials and Supplies Inventory	(80)	0	(80)
Increase in Accounts Payable	429	0	429
Increase in Accrued Wages and Benefits	2,746	0	2,746
Decrease in Compensated Absences Payable	(50)	0	(50)
Increase in Intergovernmental Payable	2,110	0	2,110
Increase in Claims Payable	0	18,976	18,976
Total Adjustments	33,171	18,976	52,147
Net Cash Used for Operating Activities	(\$354,455)	(\$106,095)	(460,550)

See accompanying notes to the general purpose financial statements

Scioto Valley Local School District
Pike 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

Scioto Valley Local School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state or federal agencies. This Board controls the School District's four instructional/support facilities staffed by 75 non-certificated employees and 95 certificated full-time teaching personnel who provide services to 1,662 students and other community members.

Scioto Valley Local School District was established in January, 1960 through the consolidation of existing land areas and school districts and is organized under Article VI, Sections 2 and 3 of the Constitution of the State of Ohio. Under such laws there is no authority for a school district to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at-large for staggered four year terms.

The School District serves an area of approximately 132.54 square miles. It is located in Pike County, including all of the Village of Piketon, Ohio, and portions of Camp Creek, Scioto, Seal, Sunfish, Pee Pee and Newton Townships. The School District is the 347th largest in the State of Ohio (among 612 school districts) in terms of enrollment.

Reporting Entity:

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

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

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

- < Village of Piketon
- < Parent Teacher Organization
- < Pike County Board of Education

The School District is associated with one organization which is defined as a jointly governed organization. This organization is the South Central Ohio Computer Association. This organization is presented in Note 14 to the general purpose financial statements.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Scioto Valley Local School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements and interpretations issued on or before November 30, 1989, to its 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.

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.

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).

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Proprietary Fund Types:

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 are the School District's proprietary fund types:

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.

Internal Service Fund - The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Type:

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

Account Groups:

To make a clear distinction between fixed assets related to specific funds and those of general government, and between long-term 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 non-expendable 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 fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES(continued)

B. Measurement Focus and Basis of Accounting(continued)

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

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. (See Note 7.) Revenue from grants is recognized 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, interest, tuition, grants, student fee and rentals.

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

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue.

Under the modified accrual basis of accounting, receivables that will not be collected within the available period have also been reported as deferred revenue.

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types and the non-expendable trust fund. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in 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.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

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

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, one supplemental appropriation was legally enacted; however, this amendment was significant.

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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Budgetary Process (continued)

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

D. Cash and Cash Equivalents

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through 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, investments were limited to a NOW interest-bearing account and certificates of deposit.

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

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 \$284,861. The Special Revenue, Capital Projects and Enterprise Funds also earned interest in the amount of \$532, \$266,046, and \$43, respectively.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 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.

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 five hundred dollars.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

G. Fixed Assets and Depreciation(continued)

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

Assets in the general fixed assets account group are depreciated using the straight-line method over an estimated useful life of 50 years for buildings and improvements, 5 years for textbooks, 6 to 10 years for vehicles and 5 years for infrastructure. Depreciation of furniture and equipment in the enterprise fund is computed using the straight-line method over an estimated useful life of twenty years.

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Education Management Information Systems
- Day Care
- Disadvantaged Pupil Impact Aid
- Title VI-B
- Title I
- Title VI
- Drug-Free Schools Program
- Eisenhower Grant
- School To Work
- Performance Incentive
- Class Size Reduction

Capital Projects Funds

- Technology Equity

Reimbursable Grants

General Fund

- Driver Education Reimbursement

Proprietary Funds

- National School Lunch Program
- National School Breakfast Program
- Government Donated Commodities

Grants and entitlements amounted to approximately seventy-seven percent of the School District's operating revenue during the 2001 fiscal year for its governmental funds.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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

For governmental funds, the School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The School District records a liability for accumulated unused sick leave for all employees after 15 years of current service with the School District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In 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. Bonds are reported as a liability of the general long-term obligations account group until due.

K. Interfund Transactions

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

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

L. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for 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 are established for encumbrances, inventories of supplies and materials, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

M. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. During fiscal year 2001, the School District held monies for the construction of new school buildings. Retainage amounts at June 30, 2001 have been restricted and are presented as "Cash with Escrow Agents" on the balance sheet.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. 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.

O. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

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

<i>Special Revenue Funds</i>	
Ohio Reads	\$ 27

At June 30, 2001, the following funds had a deficit retained earnings:

<i>Enterprise Fund</i>	
Lunchroom	\$ 40,400
<i>Internal Service Fund</i>	
Self Insurance	245,972

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

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

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects	Debt Service
GAAP Basis	\$703,405	\$62,143	\$1,242,711	\$299,277
Revenue Accruals	25,889	144,917	0	4,468
Expenditure Accruals	109,121	13,726	1,407,489	0
Encumbrances	(40,134)	(24,318)	(4,511,314)	0
Budget Basis	\$798,281	\$196,468	(\$1,861,114)	\$303,745

Net Income (Loss)/Excess of Revenues Over (Under) Expenses
All Proprietary Fund Types

	Enterprise	Internal Service
GAAP Basis	(\$53,966)	(\$40,071)
Revenue Accruals	(25,337)	0
Expense Accruals	32,174	18,976
Budget Basis	(\$47,129)	(\$21,095)

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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.

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, 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, 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 and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$17,611,649 and the bank balance was \$17,741,371. Of the bank balance:

1. \$200,000 was covered by federal depository insurance.
2. \$17,541,371 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

NOTE 6 - PROPERTY TAXES

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

Public utility property taxes are assessed on tangible personal property at 88 percent of true value (with certain exceptions) and on real property at 35 percent of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the current year. Tangible personal property assessments are 25 percent of true value.

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

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

The School District receives property taxes from Pike County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 6 - PROPERTY TAXES (continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2001. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2001, was \$86,089 in the General Fund, \$15,557 in the Bond Retirement Fund, and \$2,074 in the Classroom Facilities Fund.

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

	<u>2000 First- Half Collections</u>		<u>2001 First- Half Collections</u>	
	<u>Amount</u>	<u>Percent</u>	<u>Amount</u>	<u>Percent</u>
Agricultural/Residential and Other Real Estate	\$47,552,640	30.47%	\$48,401,870	29.38%
Public Utility	21,462,240	13.75%	21,238,530	12.88%
Tangible Personal Property	<u>87,039,582</u>	<u>55.78%</u>	<u>95,128,000</u>	<u>57.74%</u>
Total Assessed Value	<u><u>\$156,054,462</u></u>	<u><u>100.00%</u></u>	<u><u>\$164,768,400</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$32.20		\$32.20	

NOTE 7 - RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

	<u>Amount</u>
<i>Special Revenue Funds</i>	
Title II	\$ 5,670
Title I	91,161
Performance Grant	20,019
Title VI	2,149
Title VI-R	<u>1,202</u>
Total Intergovernmental Receivables	<u><u>\$120,201</u></u>

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 8 - FIXED ASSETS

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

Furniture and Equipment	\$293,802
Less Accumulated Depreciation	<u>(275,321)</u>
Net Fixed Assets	<u><u>\$18,481</u></u>

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$1,472,906	\$0	\$0	\$1,472,906
Buildings and Improvements	4,795,533	0	0	4,795,533
Furniture, Fixtures and Equipment	2,055,722	50,281	56,689	2,049,314
Vehicles	1,404,859	195,174	16,560	1,583,473
Textbooks	673,066	0	0	673,066
Construction in Progress	951,845	7,638,674	0	8,590,519
Infrastructure	<u>33,936</u>	<u>0</u>	<u>0</u>	<u>33,936</u>
Totals	11,387,867	7,884,129	73,249	19,198,747
Less Accumulated Depreciation				<u>(7,187,396)</u>
Total General Fixed Assets				<u><u>\$12,011,351</u></u>

NOTE 9 - RISK MANAGEMENT

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

Building and Contents-replacement cost (\$500 deductible)	\$25,333,700
Builders Risk Coverage	26,355,400
Inland Marine Coverage (\$100 deductible)	14,838
Boiler and Machinery (\$1,000 deductible)	12,222,900
Crime Insurance	2,500
Automobile Liability (\$100 deductible)	350,000
Uninsured Motorists (\$250 deductible)	350,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 9 - RISK MANAGEMENT(continued)

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

A participant will then either receive money from or be required to contribute to the “equity pooling fund.” This “equity pooling fund” arrangement insures that each participant shares equally in the overall performance of the Plan. Participation in the Plan is limited to school districts that can meet the Plan’s selection criteria. The school districts apply for participation each year. The firm of Gates McDonald and Co. provides administrative, cost control, and actuarial services to the Plan. Each year, the School District pays an enrollment fee to the Plan to cover the costs of administering the program.

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$250,175 reported in the internal service fund at June 30, 2001 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

Changes in claims activity for the past three fiscal years are as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$204,753	\$784,962	\$798,146	\$191,569
2000	\$191,569	\$821,969	\$782,339	\$231,199
2001	\$231,199	\$888,857	\$869,881	\$250,175

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Scioto Valley Local School District participates in the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined 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 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Schools District’s contributions for pension obligations to SERS for the fiscal years ending June 30, 1999, 2000, and 2001 was \$121,080, \$89,400, and \$65,752 respectively, 27 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$47,731 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.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 10 - DEFINED BENEFIT PENSION PLANS(continued)

B. State Teachers Retirement System

The Scioto Valley Local School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3371 or by calling (614)227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salaries. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contribution for pension obligations to STRS for the fiscal years ending June 30, 1999, 2000, and 2001 was \$406,210, \$218,191, and \$441,563 respectively, 84 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$70,932 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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, two members of the Board of Education have elected social security. The Board'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-certificated 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 funded on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, and after, 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 \$195,499 during fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,419 million at June 30, 2000. For the fiscal year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 11 - POSTEMPLOYMENT BENEFITS(continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 9.80 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution, provides for maintenance of the asset target level for the health care fund. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$133,522 during the 2001 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000 SERS had net assets available for payment of health care benefits of \$252.3 million. SERS had approximately 50,000 participants currently receiving health care benefits.

NOTE 12 - EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 210 days for all personnel. Upon retirement and after being employed by the School District for three years, payment is made for twenty-five percent for classified employees and twenty-five percent for certified employees of accrued, but unused sick leave credit, up to a maximum of forty-five days.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Community National Insurance Company.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

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
Classroom Facilities Obligation Bonds - 1998 - 5.30%	\$3,340,000	\$0	\$85,000	\$3,255,000
Pension Obligation	67,442	8,023	0	75,465
Compensated Absences	412,639	65,050	0	477,689
Total General Long-Term Obligations	<u>\$3,820,081</u>	<u>\$73,073</u>	<u>\$85,000</u>	<u>\$3,808,154</u>

On September 1, 1998, the Scioto Valley Local School District issued \$3,377,000 in voted General Obligation Bonds for the purpose of constructing, remodeling, reconstructing and adding to school buildings. The bonds were issued for a 23 year period with the final maturity date being December 1, 2021. The bonds will be paid from property tax revenues received in the Classroom Facilities Fund. Compensated absences and the pension obligation will be paid from the fund from which the employees' salaries are paid.

The School District's voted legal debt margin was \$12,201,864 with an unvoted debt margin of \$164,768 at June 30, 2001.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

South Central Ohio Computer Association - 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 Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter school districts, and one representative from the fiscal agent. The School District paid SCOCA \$13,886 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

NOTE 15 - 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.

B. Litigation

The School District is not party to any legal proceedings.

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 16 - SUPREME COURT CASE DECISION

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

- , A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution 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 October 12, 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 district that are used as the basis for determining the base cost support amount and that requirement that changes be made retroactive to July 1, 2001.

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

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

NOTE 17 - DEFERRED COMPENSATION

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

NOTE 18 - CHANGE IN ACCOUNTING PRINCIPLES AND RESTATEMENT FUND BALANCES

Changes in Accounting Principles

For the fiscal year 2001, the School District has implemented GASB Statement Number 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchanged Revenues". The implementation of GASB Statements 33 and 36 had the following effect on fund balances at June 30, 2000:

	<u>Special Revenue</u>
Fund Balance at June 30, 2000	\$301,076
Implementation of GASB 33	56,587
Adjusted Fund Balance at July 1, 2001	\$357,663

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 19 - STATUTORY 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 or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years. The requirement for the establishment of a Budget Stabilization Reserve set-aside has been eliminated by Senate Bill 345. A School District may still establish reserve balance accounts consistent with Section 5705.13 R.C., if it so chooses; however, the requirement is no longer mandatory. According to Senate Bill 345, any money on hand in a school district's budget reserve set aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future fiscal years. The statute also authorized the school district to use all or part of the funds formerly included in the budget reserve for the purpose of providing the district's portion of the basic project costs of any project undertaken in accordance with Chapter 3318, R.C., Classroom Facilities.

Senate Bill 345 places special conditions on any Bureau of Workers' Compensation (BWC) monies remaining in the budget reserve set aside as of April 10, 2001. Any portion of the budget reserve set-aside consisting of refunds or rebates from BWC that were previously required by law to be deposited into the budget reserve may be used solely for the following purposes:

- , To offset a budget deficit
- , For school facility construction, renovation or repair;
- , For textbooks or instructional materials, including science equipment or laboratories;
- , For the purchase of school buses; or
- , For professional development of teachers.

BWC refunds or rebates received after April 10, 2001 are not required to be deposited into the school district's budget reserve.

The School District has elected to eliminate the Budget Stabilization Reserve and return it to the General Fund. The BWC rebate monies received prior to April 10, 2001 will be used for one or more of the listed purposes. The School District is required to demonstrate compliance with the restrictions of Senate Bill 345 for monies in the Budget Stabilization Reserve which represents BWC refunds and rebates received prior to April 10, 2001. The balance of the Budget Stabilization Reserve which does not represent BWC rebates or refunds will be used at the discretion of the School District.

The following 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.

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 2000	\$0	\$0	\$145,684	\$145,684
Current year set-aside requirement	210,621	210,621	0	421,242
Current year offsets & Pr. Yr. Carry Over	(23,626)	(183,613)	0	(207,239)
Qualifying disbursements	(218,114)	(33,859)	(80,973)	(332,946)
Reduction in Budget Stabilization based on Statutory Revisions	0	0	(64,711)	(64,711)
Set-aside Balance Carried Forward to Future Years	(\$31,119)	(\$6,851)	\$0	(\$37,970)
Set-aside Reserve Balance as of June 30, 2001	\$0	\$0	\$0	\$0

Scioto Valley Local School District
Pike County
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2001

NOTE 19 - STATUTORY RESERVES (continued)

The School District had offset and qualifying disbursements during the year that reduced the set-aside amounts below zero in the Textbooks and Capital Acquisition Reserves, these extra amounts may be carried forward and used to reduce the set-aside requirements of future years.

NOTE 20 - CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual commitments for the construction purchase commitments for the construction of a new high school facility as follows:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/01
George Igel & Company	\$634,122	\$571,947	\$62,175
Mechanical Construction (HVAC)	1,782,899	1,609,495	173,404
Mechanicals, Inc. (Plumbing)	685,649	539,615	146,034
Brush Contractors, Inc.	1,677,896	1,200,457	477,439
C & T Design Equipment Co.	139,567	15,885	123,682
Gilbane Building Co.	552,372	552,372	0
Tanner, Stone & Co.	889,140	879,351	9,789
Stockmeister Enterprises, Inc.	7,175,222	4,937,246	2,237,976
Franklin Fire Sprinkler Co.	200,662	165,436	35,226
Total	\$13,737,529	\$10,471,804	\$3,265,725

As of June 30, 2001, the School District had contractual commitments for the construction purchase commitments for the construction of a new middle school facility as follows:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/01
J & H Reinforcing	\$183,918	\$0	\$183,918
A J Stockmeister (Plumbing)	265,566	0	265,566
A J Stockmeister (HVAC)	1,028,435	0	1,028,435
Central Fire Protection	137,787	0	137,787
West End Electric	756,000	0	756,000
Gilbane Building Co.	198,668	179,737	18,931
Tanner, Stone & Co.	262,471	185,536	76,935
Total	\$2,832,845	\$365,273	\$2,467,572

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

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

FEDERAL GRANTOR/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550	\$	\$29,235	\$	\$25,878
School Breakfast Program	05-PU 99/00/01	10.553	70,760		70,760	
National School Lunch Program	LL-P1/P4 00/01	10.555	<u>170,927</u>		<u>170,927</u>	
Total U.S. Department of Agriculture- Child Nutrition Cluster			<u>241,687</u>	<u>29,235</u>	<u>241,687</u>	<u>25,878</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed through Ohio Department of Education:</i>						
Special Education Grants to States (Title VI-B)	6B-SF 00/01 P	84.027	138,477		130,326	
Grants To Local Educational Agencies (ESEA Title I)	C1-S1 99/00/01	84.010	546,735		517,472	
Goals 2000: Performance Incentive	G2-S1 01	84.276	8,579		17,894	
Continuous Improvement	G2-S2 00/01		<u>27,000</u>		<u>14,000</u>	
Total Goals 2000			<u>35,579</u>	<u>0</u>	<u>31,894</u>	<u>0</u>
Class Size Reduction	CR-S1 00/01	84.340	84,444		86,108	
Eisenhower Professional Development State Grant	MS-S1 00/01	84.281	13,549		13,404	
Innovative Educational Program Strategy Grant (Title VI)	C2-S1 01	84.151	6,414		4,160	
Drug Free Schools Grant	DR-S1 00/01	84.186	<u>21,418</u>		<u>20,710</u>	
Total U.S. Department of Education			<u>846,616</u>	<u>0</u>	<u>804,074</u>	<u>0</u>
Total Federal Awards Receipts and Expenditures			<u>\$1,088,303</u>	<u>\$29,235</u>	<u>\$1,045,761</u>	<u>\$25,878</u>

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS
RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at 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, 2000 the School District had no significant food commodities in 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***

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

We have audited the general-purpose financial statements of Scioto Valley Local School District, Pike County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated February 28, 2002, wherein we noted the School District adopted Governmental Accounting Statement Nos. 33 and 36. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated February 28, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 28, 2002.

Scioto Valley Local School District
Pike County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

This report is intended for the information and use of 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

February 28, 2002



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

Scioto Valley Local School District
Pike County
P.O. Box 600
Piketon, Ohio 45661

To the Board of Education:

Compliance

We have audited the compliance of Scioto Valley Local School District, Pike County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2001. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. We noted a certain instance of noncompliance that does not require inclusion in this report that we have reported to the management of the School District in a separate letter dated February 28, 2002.

Internal Control Over Compliance

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level 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 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

February 28, 2002

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
FOR THE FISCAL YEAR ENDED 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 financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under Section .510?	No
(d)(1)(vii)	Major Programs (list):	Title I - CFDA# 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

The audit of Scioto Valley Local School District, Pike County, for the year ending June 30, 2001 contained no findings that are required to be reported in accordance with GAGAS.

3. FINDINGS FOR FEDERAL AWARDS

The audit of Scioto Valley Local School District, Pike County, for the year ending June 30, 2001 contained no findings for federal awards.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT
PIKE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-10766-001	Ohio Rev. Code § 5705.39 prohibits a political subdivision or taxing unit from making a fund appropriation in excess of the estimated resources for that fund.	Yes	Fully Corrected
2000-10766-002	Ohio Rev. Code § 135.18 provides that the Treasurer of a political subdivision must require the depository to provide as security an amount equal to the funds on deposit at all times.	Yes	Fully Corrected



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OFFICE OF THE AUDITOR

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SCIOTO VALLEY LOCAL SCHOOL DISTRICT

PIKE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 14, 2002**