



**Auditor of State**  
**Betty Montgomery**



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

**TABLE OF CONTENTS**

<b>TITLE</b>	<b>PAGE</b>
Independent Accountants' Report.....	1
General Purpose Financial Statements	
Combined Balance Sheet All Fund Types and Account Groups June 30, 2002.....	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Fund for the Fiscal Year Ended June 30, 2002.....	8
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - (Budget Basis) All Governmental Fund Types and Expendable Trust Fund For the Fiscal Year Ended June 30, 2002.....	10
Statement of Revenues, Expenses, and Changes in Fund Equity Proprietary Fund Type and Nonexpendable Trust Fund For the Fiscal Year Ended June 30, 2002.....	12
Statement of Revenues, Expenditures, and Changes in Fund Equity - Budget and Actual - (Budget Basis) Proprietary Fund Type and Nonexpendable Trust Fund For the Fiscal Year Ended June 30, 2002.....	13
Statement of Cash Flows Proprietary Fund Type and Nonexpendable Trust Fund For the Fiscal Year Ended June 30, 2002 .....	14
Notes to the General-Purpose Financial Statements .....	15
Schedule of Federal Awards Expenditures.....	43
Notes to the Schedule of Federal Awards Expenditures .....	45
Independent Accountants' Report on Compliance and on Internal Control Required by <i>Government Auditing Standards</i> .....	47
Independent Accountants' Report on Compliance With Requirements Applicable To Major Federal Programs And Internal Control Over Compliance In Accordance With OMB Circular A-133 .....	49
Schedule of Findings.....	51
Schedule of Prior Audit Findings.....	53

**This page intentionally left blank.**



**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

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

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

The District is experiencing certain financial difficulties. These conditions and management's plan to address the conditions are described in Note 19.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the fiscal year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated April 17, 2003 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

April 17, 2003

**This page intentionally left blank.**

*Adams County/Ohio Valley School District*  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002

**GOVERNMENTAL FUND TYPES**

	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$496,081	\$1,490,967	\$1,957,481	\$77,730
Receivables:				
Taxes	10,246,623	0	3,156,527	0
Accounts	20,374	0	0	0
Intergovernmental	11,025	1,171,428	0	0
Accrued Interest	0	0	0	0
Interfund	1,191,545	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Prepaid Items	45,781	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	367,868	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
 Total Assets and Other Debits	 <u>\$12,379,297</u>	 <u>\$2,662,395</u>	 <u>\$5,114,008</u>	 <u>\$77,730</u>

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$1,245,796	\$206,224	\$0	\$0	\$5,474,279
0	0	0	0	13,403,150
0	0	0	0	20,374
97,132	0	0	0	1,279,585
0	135	0	0	135
0	0	0	0	1,191,545
22,230	0	0	0	22,230
7,648	0	0	0	7,648
0	0	0	0	45,781
0	0	0	0	367,868
669,121	0	52,342,640	0	53,011,761
0	0	0	2,105,912	2,105,912
0	0	0	41,160,271	41,160,271
<u>\$2,041,927</u>	<u>\$206,359</u>	<u>\$52,342,640</u>	<u>\$43,266,183</u>	<u>\$118,090,539</u>

(continued)

*Adams County/Ohio Valley School District*  
 Combined Balance Sheet  
 All Fund Types and Account Groups  
 June 30, 2002  
 (continued)

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities.</u></b>				
<b><u>Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$63,439	\$80,624	\$0	\$125
Accrued Wages and Benefits	2,324,098	481,296	0	0
Compensated Absences Payable	22,256	143	0	0
Employee Benefits Payable	40,298	1,684	0	0
Interfund Payable	0	1,191,070	0	475
Intergovernmental Payable	530,183	82,616	0	14
Deferred Revenue	9,691,138	1,093,954	3,008,096	0
Undistributed Monies	0	0	0	0
EPA Asbestos Loan Payable	0	0	0	0
Energy Conservation Loan/Bonds Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
	12,671,412	2,931,387	3,008,096	614
Total Liabilities				
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	279,587	155,531	0	0
Reserved for Property Taxes	343,907	0	100,766	0
Reserved for Budget Stabilization	367,868	0	0	0
Unreserved:				
Undesignated (Deficit)	(1,283,477)	(424,523)	2,005,146	77,116
	(292,115)	(268,992)	2,105,912	77,116
Total Fund Equity (Deficit) and Other Credits				
	\$12,379,297	\$2,662,395	\$5,114,008	\$77,730

See accompanying notes to the general purpose financial statements

<i>PROPRIETARY FUND TYPE</i>	<i>FIDUCIARY FUND TYPES</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$8,120	\$0	\$0	\$0	\$152,308
75,668	0	0	0	2,881,062
48,920	0	0	2,566,287	2,637,606
1,749	0	0	0	43,731
0	0	0	0	1,191,545
46,557	0	0	259,668	919,038
0	95	0	0	13,793,283
0	126,048	0	0	126,048
0	0	0	79,181	79,181
0	0	0	1,581,047	1,581,047
0	0	0	38,780,000	38,780,000
181,014	126,143	0	43,266,183	62,184,849
0	0	52,342,640	0	52,342,640
902,182	0	0	0	902,182
958,731	0	0	0	958,731
0	0	0	0	435,118
0	0	0	0	444,673
0	0	0	0	367,868
0	80,216	0	0	454,478
1,860,913	80,216	52,342,640	0	55,905,690
<u>\$2,041,927</u>	<u>\$206,359</u>	<u>\$52,342,640</u>	<u>\$43,266,183</u>	<u>\$118,090,539</u>

**Adams County/Ohio Valley School District**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2002

	<b>GOVERNMENTAL FUND TYPES</b>				<b>FIDUCIARY</b>	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b><u>Revenues:</u></b>						
Property Taxes	\$11,402,681	\$0	\$2,886,517	\$0	\$0	\$14,289,198
Intergovernmental	18,047,090	5,589,602	659,682	45,500	0	24,341,874
Interest	154,594	0	0	354	0	154,948
Tuition and Fees	58,809	8,362	0	0	0	67,171
Rent	15,171	0	0	0	0	15,171
Extracurricular Activities	1,478	238,561	0	0	0	240,039
Gifts and Donations	500	44,004	0	0	28,609	73,113
Customer Services	54,126	50	0	0	0	54,176
Miscellaneous	65,758	63,028	0	0	0	128,786
<b>Total Revenues</b>	<b>29,800,207</b>	<b>5,943,607</b>	<b>3,546,199</b>	<b>45,854</b>	<b>28,609</b>	<b>39,364,476</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	12,494,447	2,043,421	0	29,000	0	14,566,868
Special	2,704,316	1,868,935	0	14	0	4,573,265
Vocational	2,063,193	114,452	0	0	0	2,177,645
Other	104,330	0	0	0	0	104,330
Support Services:						
Pupils	1,198,858	163,579	0	2,500	0	1,364,937
Instructional Staff	1,112,330	994,923	0	1,055	0	2,108,308
Board of Education	545,106	0	0	0	0	545,106
Administration	2,295,328	111,646	0	0	0	2,406,974
Fiscal	696,545	44,623	78,086	0	0	819,254
Business	201,025	0	0	0	0	201,025
Operation and Maintenance of Plant	4,378,249	8,628	0	5,885	0	4,392,762
Pupil Transportation	2,225,344	12,248	0	0	0	2,237,592
Central	205,401	5,056	0	0	0	210,457
Non-Instructional Services	92	824	0	0	22,039	22,955
Extracurricular Activities	227,386	191,245	0	0	0	418,631
Intergovernmental	0	94,086	0	0	0	94,086
Capital Outlay	237,155	8,776	0	15,494	0	261,425
Debt Service:						
Principal Retirement	0	0	1,081,616	0	0	1,081,616
Interest and Fiscal Charges	0	0	2,407,844	0	0	2,407,844
<b>Total Expenditures</b>	<b>30,689,105</b>	<b>5,662,442</b>	<b>3,567,546</b>	<b>53,948</b>	<b>22,039</b>	<b>39,995,080</b>
Excess of Revenues Over (Under) Expenditures	(888,898)	281,165	(21,347)	(8,094)	6,570	(630,604)
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds From Loans	1,293,047	0	0	0	0	1,293,047
Operating Transfers In	28,512	33,728	179,542	0	0	241,782
Operating Transfers Out	(212,270)	(29,512)	0	0	0	(241,782)
<b>Total Other Financing Sources (Uses)</b>	<b>1,109,289</b>	<b>4,216</b>	<b>179,542</b>	<b>0</b>	<b>0</b>	<b>1,293,047</b>

**This page intentionally left blank**

**Adams County/Ohio Valley School District**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types and Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2002**

	<b>GENERAL FUND</b>			<b>SPECIAL REVENUE FUNDS</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Property Taxes	\$11,221,862	\$11,221,862	\$0	\$0	\$0	\$0
Intergovernmental	17,515,340	18,036,065	520,725	7,980,156	5,506,609	(2,473,547)
Interest	265,573	273,493	7,920	0	0	0
Tuition and Fees	57,106	58,809	1,703	6,133	8,362	2,229
Rent	14,568	15,002	434	0	0	0
Extracurricular Activities	1,435	1,478	43	198,659	237,826	39,167
Gifts and Donations	486	500	14	33,374	44,004	10,630
Customer Services	52,559	54,126	1,567	43	50	7
Miscellaneous	9,807	10,100	293	54,675	63,028	8,353
<b>Total Revenues</b>	<b>29,138,736</b>	<b>29,671,435</b>	<b>532,699</b>	<b>8,273,040</b>	<b>5,859,879</b>	<b>(2,413,161)</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	12,848,627	12,463,423	385,204	2,280,327	2,094,443	185,884
Special	2,663,929	2,663,929	0	2,092,840	1,895,821	197,019
Vocational	2,099,547	2,099,547	0	153,395	132,581	20,814
Other	104,338	104,338	0	0	0	0
Support Services:						
Pupils	1,219,831	1,219,831	0	183,051	175,991	7,060
Instructional Staff	1,130,396	1,116,051	14,345	1,197,967	1,002,985	194,982
Board of Education	554,014	554,014	0	0	0	0
Administration	2,329,676	2,329,676	0	143,117	111,040	32,077
Fiscal	673,914	673,914	0	47,925	44,870	3,055
Business	220,935	220,935	0	0	0	0
Operation and Maintenance of Plant	4,497,328	4,497,328	0	9,010	10,315	(1,305)
Pupil Transportation	2,243,861	2,243,861	0	18,013	15,456	2,557
Central	207,578	207,578	0	16,277	5,056	11,221
Non-Instructional Services	92	92	0	129,955	96,696	33,259
Extracurricular Activities	224,998	224,998	0	202,705	202,499	206
Capital Outlay	239,911	239,911	0	9,895	9,915	(20)
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>31,258,975</b>	<b>30,859,426</b>	<b>399,549</b>	<b>6,484,477</b>	<b>5,797,668</b>	<b>686,809</b>
Excess of Revenues Over (Under) Expenditures	(2,120,239)	(1,187,991)	932,248	1,788,563	62,211	(1,726,352)
<b><u>Other Financing Sources (Uses):</u></b>						
Proceeds from Loans	1,293,047	1,293,047	0	0	0	0
Refund of Prior Year Expenditures	35,452	35,452	0	0	0	0
Refund of Prior Year Receipts	(9,000)	(9,000)	0	0	0	0
Advances In	1,999,913	1,109,374	(890,539)	1,123,572	1,123,572	0
Advances Out	(932,459)	(1,123,572)	(191,113)	(1,107,098)	(1,107,098)	0
Operating Transfers In	28,512	28,512	0	34,463	34,463	0
Operating Transfers Out	(211,625)	(212,270)	(645)	(46,815)	(29,812)	17,003
Other Financing Sources	0	0	0	29,998	29,998	0
<b>Total Other Financing Sources (Uses)</b>	<b>2,203,840</b>	<b>1,121,543</b>	<b>(1,082,297)</b>	<b>34,120</b>	<b>51,123</b>	<b>17,003</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	83,601	(66,448)	(150,049)	1,822,683	113,334	(1,709,349)
Fund Balances at Beginning of Year	262,976	262,976	0	976,353	976,353	0
Prior Year Encumbrances Appropriated	363,928	363,928	0	169,468	169,468	0
<b>Fund Balances at End of Year</b>	<b>\$710,505</b>	<b>\$560,456</b>	<b>(\$150,049)</b>	<b>\$2,968,504</b>	<b>\$1,259,155</b>	<b>(\$1,709,349)</b>

See accompanying notes to the general purpose financial statements

<i>DEBT SERVICE FUND</i>			<i>CAPITAL PROJECTS FUNDS</i>			<i>EXPENDABLE TRUST FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$2,260,615	\$2,840,536	\$579,921	\$0	\$0	\$0	\$0	\$0	\$0
0	659,682	659,682	170,524	63,000	(107,524)	0	0	0
0	0	0	354	354	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	(6,210)	12,000	18,210
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>2,260,615</u>	<u>3,500,218</u>	<u>1,239,603</u>	<u>170,878</u>	<u>63,354</u>	<u>(107,524)</u>	<u>(6,210)</u>	<u>12,000</u>	<u>18,210</u>
0	0	0	64,472	37,007	27,465	0	0	0
0	0	0	8,069	0	8,069	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	2,500	2,500	0	0	0	0
0	0	0	28,078	1,055	27,023	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
78,086	78,086	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	5,885	5,885	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	6,000	0	6,000	0	0	0
0	0	0	0	0	0	16,050	16,050	0
0	0	0	0	0	0	0	0	0
0	0	0	24,125	15,553	8,572	0	0	0
1,081,616	1,081,616	0	0	0	0	0	0	0
2,407,844	2,407,844	0	0	0	0	0	0	0
<u>3,567,546</u>	<u>3,567,546</u>	<u>0</u>	<u>139,129</u>	<u>62,000</u>	<u>77,129</u>	<u>16,050</u>	<u>16,050</u>	<u>0</u>
<u>(1,306,931)</u>	<u>(67,328)</u>	<u>1,239,603</u>	<u>31,749</u>	<u>1,354</u>	<u>(30,395)</u>	<u>(22,260)</u>	<u>(4,050)</u>	<u>18,210</u>
0	0	0	2,586,094	0	(2,586,094)	0	0	0
0	0	0	0	0	0	15,089	15,089	0
0	0	0	0	0	0	(6,081)	(6,081)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
179,542	179,542	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,520	1,520	0
<u>179,542</u>	<u>179,542</u>	<u>0</u>	<u>2,586,094</u>	<u>0</u>	<u>(2,586,094)</u>	<u>10,528</u>	<u>10,528</u>	<u>0</u>
(1,127,389)	112,214	1,239,603	2,617,843	1,354	(2,616,489)	(11,732)	6,478	18,210
1,845,267	1,845,267	0	66,777	66,777	0	29,014	29,014	0
0	0	0	9,474	9,474	0	17	17	0
<u>\$717,878</u>	<u>\$1,957,481</u>	<u>\$1,239,603</u>	<u>\$2,694,094</u>	<u>\$77,605</u>	<u>(\$2,616,489)</u>	<u>\$17,299</u>	<u>\$35,509</u>	<u>\$18,210</u>

**Adams County/Ohio Valley School District**  
Statement of Revenues  
Expenses and Changes in Fund Equity  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 2002

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Operating Revenues:</u></b>			
Sales	\$1,001,321	\$0	\$1,001,321
Interest	0	965	965
Contributions and Donations	0	325	325
<i>Total Operating Revenues</i>	<u>1,001,321</u>	<u>1,290</u>	<u>1,002,611</u>
<b><u>Operating Expenses:</u></b>			
Salaries	525,627	0	525,627
Fringe Benefits	267,380	0	267,380
Purchased Services	111,234	0	111,234
Materials and Supplies	98,296	0	98,296
Cost of Sales	821,022	0	821,022
Depreciation	85,031	0	85,031
Other	65,359	446	65,805
<i>Total Operating Expenses</i>	<u>1,973,949</u>	<u>446</u>	<u>1,974,395</u>
Operating Income (Loss)	<u>(972,628)</u>	<u>844</u>	<u>(971,784)</u>
<b><u>Non-Operating Revenues:</u></b>			
Interest	21,805	0	21,805
Federal Donated Commodities	141,516	0	141,516
Federal and State Subsidies	904,280	0	904,280
Other	6,097	0	6,097
<i>Total Non-Operating Revenues</i>	<u>1,073,698</u>	<u>0</u>	<u>1,073,698</u>
Net Income	101,070	844	101,914
Retained Earnings/Fund Balance at Beginning of Year	<u>857,661</u>	<u>43,771</u>	<u>901,432</u>
Retained Earnings/Fund Balance at End of Year	958,731	44,615	1,003,346
Contributed Capital at Beginning and End of Year	<u>902,182</u>	<u>0</u>	<u>902,182</u>
Total Fund Equity at End of Year	<u>\$1,860,913</u>	<u>\$44,615</u>	<u>\$1,905,528</u>

See accompanying notes to the general purpose financial statements

**Adams County/Ohio Valley School District**  
Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 2002

	<u>Enterprise Fund</u>			<u>Nonexpendable Trust Fund</u>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Sales	\$896,179	\$1,001,321	\$105,142	\$0	\$0	\$0
Interest	21,805	21,805	0	195	977	782
Contributions and Donations	0	0	0	64	325	261
Federal and State Subsidies	1,007,101	1,007,101	0	0	0	0
<i>Total Revenues</i>	<u>1,925,085</u>	<u>2,030,227</u>	<u>105,142</u>	<u>259</u>	<u>1,302</u>	<u>1,043</u>
<b><u>Expenses:</u></b>						
Salaries	525,160	525,160	0	0	0	0
Fringe Benefits	277,267	277,267	0	0	0	0
Purchased Services	136,807	136,807	0	0	0	0
Materials and Supplies	779,916	779,916	0	0	0	0
Capital Outlay	27,086	27,086	0	0	0	0
Other	74,733	74,733	0	522	446	76
<i>Total Expenses</i>	<u>1,820,969</u>	<u>1,820,969</u>	<u>0</u>	<u>522</u>	<u>446</u>	<u>76</u>
Excess of Revenues Over (Under) Expenses	104,116	209,258	105,142	(263)	856	1,119
Fund Equity at Beginning of Year	928,514	928,514	0	43,719	43,719	0
Prior Year Encumbrances Appropriated	<u>57,335</u>	<u>57,335</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$1,089,965</u>	<u>\$1,195,107</u>	<u>\$105,142</u>	<u>\$43,456</u>	<u>\$44,575</u>	<u>\$1,119</u>

See accompanying notes to the general purpose financial statements

*Adams County/Ohio Valley School District*  
Statement of Cash Flows  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 2002

	<b>PROPRIETARY FUND TYPE</b>	<b>FIDUCIARY FUND TYPE</b>	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<b><i>Increase (Decrease) in Cash and Cash Equivalents:</i></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$1,001,321	\$0	\$1,001,321
Cash Received from Others	0	325	325
Cash Payments to Employees for Services	(525,160)	0	(525,160)
Cash Payments on Employee Benefits	(275,426)	0	(275,426)
Cash Payments to Suppliers for Goods and Services	(884,318)	0	(884,318)
Cash Payments to Others	(65,359)	(446)	(65,805)
Net Cash Used for Operating Activities	(748,942)	(121)	(749,063)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Federal and State Subsidies Received	1,007,101	0	1,007,101
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Payments for Capital Acquisitions	(20,017)	0	(20,017)
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest	21,805	977	22,782
Net Increase in Cash and Cash Equivalents	259,947	856	260,803
Cash and Cash Equivalents at Beginning of Year	985,849	43,719	1,029,568
Cash and Cash Equivalents at End of Year	\$1,245,796	\$44,575	\$1,290,371
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Operating Income (Loss)	(\$972,627)	\$844	(\$971,783)
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u></b>			
Depreciation	85,031	0	85,031
Donated Commodities Used During Year	138,877	0	138,877
Interest Received by Nonexpendable Trust	0	(965)	(965)
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	(1,181)	0	(1,181)
Decrease in Materials and Supplies Inventory	418	0	418
Increase in Accounts Payable	8,120	0	8,120
Decrease in Accrued Wages and Benefits	(3,083)	0	(3,083)
Increase in Compensated Absences Payable	3,445	0	3,445
Decrease in Intergovernmental Payable	(7,942)	0	(7,942)
Total Adjustments	223,685	(965)	222,720
Net Cash Used for Operating Activities	(\$748,942)	(\$121)	(\$749,063)

**Non-Cash Transactions:**

During fiscal year 2002, the Food Service Enterprise Fund received \$141,516 in donated commodities.

**Reconciliation of Nonexpendable Trust Fund to Balance Sheet**

Cash and Cash Equivalents - All Fiduciary Funds	\$206,224
Cash and Cash Equivalents - Agency Funds	(126,048)
Cash and Cash Equivalents - Expendable Trust Fund	(35,601)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$44,575

See accompanying notes to the general purpose financial statements

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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

The Adams County/Ohio Valley School District serves an area of approximately 640 square miles, with 99% of its territory located in Adams County and the remaining 1% in Highland County. Political subdivisions included in the School District are the Villages of West Union, Manchester, Peebles, Winchester, Sinking Spring, Cherry Fork, Rome, and Seaman, the fifteen townships of Adams County and the southern half of Brush Township in Highland County. The School District is staffed by 234 non-certificated employees, 417 certificated employees who provide services to 4,990 students and other community members. The School District currently operates 12 instructional buildings, 1 administrative building, 2 bus garages and a supply warehouse.

*Reporting Entity:*

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

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

The following activities are included within the reporting entity:

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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

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

The financial statements of the Adams County/Ohio Valley 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 and trust funds) are accounted for through governmental funds.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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* – The Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than the expendable trust 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).

*Proprietary Fund Type:*

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

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

*Fiduciary Fund Types:*

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

*Account Groups:*

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

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

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

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

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

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

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

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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

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

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

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On a modified accrual basis, 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 governmental funds.

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

**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 appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations, by fund, cannot exceed estimated resources, as certified.

All funds, other than agency funds, are legally required to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given authority to further allocate appropriations to functions and objects within each fund. Because the activity of agency funds is not budgeted, transfers in and transfers out and advances in and advances out do not equal on a budgetary basis by \$435 and \$2,276, respectively.

*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 Adams County Budget Commission for rate determination.

*Estimated Resources:*

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

*Appropriations:*

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education. Prior to the passage of the annual appropriation measure, the Board of Education may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The total of expenditures and encumbrances may not exceed the appropriation totals at the legal level of control.

The Board of Education may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted.

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

*Encumbrances:*

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

*Lapsing of Appropriations:*

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

**D. Cash and Cash Equivalents**

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

During fiscal year 2002, the School District's investments were limited to certificates of deposit, which are reported at cost.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$154,594, which includes \$121,573 from other School District funds.

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

**E. Inventory**

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

**F. Prepaid Items**

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

**G. Interfund Assets/Liabilities**

Short-term inter-fund loans are classified as "Interfund Receivables" and "Interfund Payables."

**H. Fixed Assets and Depreciation**

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

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.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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

Land and Improvements	0 - 5 years
Buildings and Improvements	20 - 50 years
Furniture, Fixtures and Equipment	6 - 15 years
Vehicles	10 years
Educational Media	10 years

**I. Compensated Absences**

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

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

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

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

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

**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.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

Nonrecurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other inter-fund transfers are reported as operating transfers.

**L. Restricted Assets**

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

**M. Fund Balance Reserves**

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

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

**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. Contributed Capital**

Contributed capital represents resources from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. After fiscal year 2000, capital contributions from other governments and private sources are recorded as revenues and reported as retained earnings. Capital contributions from other funds are still reported as additions to contributed capital.

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

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

Total columns on the general purpose financial statements are captioned “Totals - (Memorandum Only)” to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position or results of operations 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/COMPLIANCE**

Accountability:

At June 30, 2002, the following funds had deficit fund balances:

	<u>Amount</u>
<i>General Fund</i>	\$292,115
<i>Special Revenue Funds:</i>	
DPIA	190,446
Title VI-B Flow Thru	778
Carl Perkins	24,661
Title I	637,808
Title VI	3,358
Title IV	13,970
Preschool Disabilities	2,391
Title VI-R	75,764
Reading Excellence	61,869
<i>Capital Projects Fund:</i>	
Ohio SchoolNet	14

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

Compliance:

At December 31, 2002 negative cash balances existed for the following funds: Title IVB (\$95,636), Title I (\$1,538,111), Drug Free School (\$1,159), Reducing Class Size (\$5,974), and the Miscellaneous Grant (\$7,595).

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Advances-In and Advances-Out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING** (continued)

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$220,391	\$285,381	\$158,195	(\$8,094)	\$6,570
Adjustments:					
Revenue Accruals	(93,320)	(53,730)	(45,981)	17,500	0
Expenditure Accruals	124,172	96,586	0	(7,927)	0
Transfers	0	435	0	0	0
Advances	(14,198)	16,474	0	0	0
Encumbrances	(303,493)	(231,812)	0	(125)	(92)
Budget Basis	<u>(\$66,448)</u>	<u>\$113,334</u>	<u>\$112,214</u>	<u>\$1,354</u>	<u>6,478</u>

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

	<u>Enterprise</u>	<u>Nonexpendable Trust</u>
GAAP Basis	\$101,070	\$844
Adjustments:		
Revenue Accruals	96,724	12
Expense Accruals	(40,256)	0
Acquisition of Capital Assets	20,017	0
Depreciation Expense	85,031	0
Federal Donated Commodities	(2,639)	0
Encumbrances	(50,689)	0
Budget Basis	<u>\$209,258</u>	<u>\$856</u>

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**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 five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

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

1. United States Treasury notes, bills, bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by 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;

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 5 - DEPOSITS AND INVESTMENTS** (continued)

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) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

*Deposits:* At fiscal year-end, the carrying amount of the School District's deposits was \$5,842,147 and the bank balance was \$7,184,527. Of the bank balance, \$131,086 was covered by federal depository insurance and \$7,053,441 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the School District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

*Investments:* The School District had no outstanding investments at June 30, 2002.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 6 - PROPERTY TAXES**

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

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

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

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

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

Real property taxes are payable annually or 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.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 6 - PROPERTY TAXES** (continued)

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

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$249,628,980	44.33%	\$277,091,110	63.74%
Public Utility	282,141,200	50.10%	132,291,630	30.43%
Tangible Personal Property	31,335,440	5.57%	25,327,370	5.83%
Total Assessed Value	<u>\$563,105,620</u>	<u>100.00%</u>	<u>\$434,710,110</u>	<u>100.00%</u>
 Tax rate per \$1,000 of assessed valuation	 \$32.47		 \$32.47	

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, the late settlement of personal property taxes, tangible personal property and public utility taxes which became measurable as of June 30, 2002, and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue.

The amounts available as advances at June 30, 2002, were \$343,907 and \$100,766 in the General Fund and the Debt Service Fund, respectively.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 2002, consisted of property taxes, accounts, intergovernmental grants, accrued interest, and interfund amounts. 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.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 7 – RECEIVABLES** (continued)

A summary of the principal items of intergovernmental receivables follows:

	Amounts
<i>General Fund</i>	\$11,025
<i>Special Revenue Funds:</i>	
Tech Prep Mini-Grant	30,000
Enterprise Workshop	10,900
Title II	9,892
Title VI-B Flow Thru	156,960
Autism Grant	21,000
Carl Perkins	48,839
Accreditation Resource Assistance	12,032
Title II	678,515
Title VI	48,692
Ohio First Year Grant	26,250
Title II	26,946
Title VI-R	101,402
Total Intergovernmental Receivables	1,171,428
<i>Enterprise Fund</i>	
Food Services	97,132
Total All Funds	\$1,279,585

**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$1,400,372
Less: Accumulated Depreciation	(731,251)
Net Fixed Assets	\$669,121

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 8 - FIXED ASSETS** (continued)

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

Asset Category	Balance at 6/30/01	Additions	Deductions	Balance at 6/30/02
Land and Improvements	\$4,850,898	\$30,767	\$0	\$4,881,665
Buildings and Improvements	55,804,052	214,857	0	56,018,909
Furniture, Fixtures and Equipment	8,256,873	467,441	52,880	8,671,434
Vehicles	3,128,677	477,744	0	3,606,421
Educational Media	2,102,715	0	0	2,102,715
Totals	<u>\$74,143,215</u>	<u>\$1,190,809</u>	<u>\$52,880</u>	75,281,144
Accumulated Depreciation				(22,938,504)
Total General Fixed Assets				<u>\$52,342,640</u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Indiana Insurance for property, inland marine coverage and fleet insurance. Liability insurance was provided by Nationwide/Wausau Insurance. Insurance coverage provided includes the following:

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

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

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$256,087, \$145,891, and \$190,268, respectively; 50.83 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$125,918, representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 10 - DEFINED BENEFIT PENSION PLANS** (continued)

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,615,527, \$1,605,716, and \$919,059, respectively; 83.16 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$271,978 represents the unpaid contribution for fiscal year 2002 and 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, 2002, two of the School District's members of the Board of Education has elected Social Security. The School District's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$765,249 for fiscal year 2002.

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$466,030.

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

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave benefits are derived from board approved benefits and State laws. Eligible classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Up to two years accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

**NOTE 12 - EMPLOYEE BENEFITS** (continued)

**B. Insurance Benefits**

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

**C. Perfect/Excellent Attendance Incentive**

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

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

**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Principal Outstanding 6/30/01	Additions	Deductions	Principal Outstanding 6/30/02
EPA Asbestos Loan 1987 0%	\$96,797	\$0	\$17,616	\$79,181
Energy Conservation Loan 1999 4.33%	522,000	0	174,000	348,000
Energy Conservation Bond 2002 5.92%	0	1,293,047	60,000	1,233,047
School Improvement Bonds 1995 4.55% - 5.25%	39,400,000	0	800,000	38,600,000
School Improvement Bonds 1998 4.87%	210,000	0	30,000	180,000
Total Long-Term Loans and Bonds	<u>40,228,797</u>	<u>1,293,047</u>	<u>1,081,616</u>	<u>40,440,228</u>
Compensated Absences	2,398,869	167,418	0	2,566,287
Pension Obligation	193,134	259,668	193,134	259,668
Total General Long-Term Obligations	<u>\$42,820,800</u>	<u>\$1,720,133</u>	<u>\$1,274,750</u>	<u>\$43,266,183</u>

**Adams County/Ohio Valley School District**  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 13 - LONG-TERM OBLIGATIONS** (continued)

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

*Energy Conservation Loan* - On July 1, 1999, Adams County/Ohio Valley School District issued \$870,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a six year period with final maturity during fiscal year 2004. The loan will be retired from the debt service fund.

*Energy Conservation Bonds* - During fiscal year 2002, Adams County/Ohio Valley School District issued \$1,293,047 in unvoted general obligation bonds for the purpose of providing energy conservation measures. The bonds were issued for ten years with final maturity at July 2, 2011. The bonds will be retired from the debt service fund.

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

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

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

The School District's overall legal debt margin was \$2,449,822 with an unvoted debt margin of \$434,710, and an Energy Conservation debt margin of \$3,371,182 at June 30, 2002.

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 13 - LONG-TERM OBLIGATIONS** (continued)

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2002, are as follows:

Fiscal year Ending June 30,	Principal	Interest	Total
2003	\$1,167,116	\$2,355,072	\$3,522,188
2004	1,281,616	2,286,028	3,567,644
2005	1,177,116	2,208,472	3,385,588
2006	1,167,616	2,133,379	3,300,995
2007	1,383,714	2,059,818	3,443,532
2008-2012	8,338,050	8,958,844	17,296,894
2013-2017	11,075,000	5,743,063	16,818,063
2018-2022	14,850,000	2,044,877	16,894,877
Total	<u>\$40,440,228</u>	<u>\$27,789,553</u>	<u>\$68,229,781</u>

**NOTE 14 – INTERFUND RECEIVABLES/PAYABLES**

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

Fund Type/Fund	Interfund Receivables	Interfund Payables
General Fund	\$1,191,545	\$0
Special Revenue Funds:		
Other Grant	0	57,401
Title VI-B	0	13,403
Carl Perkins	0	93,025
Title I	0	852,945
Title VI	0	22,434
Continuous Improvement	0	18,860
Other Federal Grants	0	85,513
Ohio First Year	0	12,339
Title VI-R	0	35,150
Total Special Revenue Funds	<u>0</u>	<u>1,191,070</u>
Capital Projects Fund:		
ARC: Entrepreneurial Grant	0	475
Total All Funds	<u>\$1,191,545</u>	<u>\$1,191,545</u>

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 15 - 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, Jackson, Vinton, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county in the SCOCA service region designated by the Ohio Department of Education, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$61,516 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, Tonya Cooper who serves as Treasurer, at P. O. Box 577, 175 Beaver Creek Road, Piketon, Ohio 45661.

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

**NOTE 16 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

For fiscal year ended June 30, 2002, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be retained for budget stabilization or spent for specified purposes.

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 2001	(\$804,454)	\$0	\$367,868
Current Year Set-aside Requirement	647,536	647,536	0
Qualifying Disbursements	<u>(1,037,429)</u>	<u>(2,431,977)</u>	<u>0</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$1,194,347)</u>	<u>\$0</u>	<u>\$367,868</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$0</u>	<u>\$0</u>	<u>\$367,868</u>

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

**NOTE 17 – STATE SCHOOL FUNDING DECISION**

On December 11, 2002, the Ohio Supreme Court issued its latest opinion regarding the State’s school funding plan. The decision reaffirmed earlier decisions that Ohio’s current school-funding decision is unconstitutional. The Supreme Court relinquished jurisdiction over the case and directed “...the Ohio General Assembly to enact a school-funding scheme that is thorough and efficient...”

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

**NOTE 18 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

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

*Adams County/Ohio Valley School District*  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

---

**NOTE 19 – SUBSEQUENT EVENTS**

**A. District Deconsolidation**

In September 2002, a proposal containing the signatures of residents from the Village of Peebles area asked to deconsolidate from Adams County/Ohio Valley School District and create an independent Peebles Local School District. The proposal was submitted to the South Central Ohio Educational Service Center (SCO/ESC) and was accepted by the (SCO/ESC) Board. Unless the (SCO/ESC) was presented with petitions from the electors opposing its creation, the new School District would be formed. The electors gathered a petition to put the issue of deconsolidation on the ballot to let the voters decide. The Adams County Board of Elections would not place the issue on the ballot because a majority of the signatures on the petition could not be validated. The (SCO/ESC) felt they had, under Ohio Law, the right to validate the petitions and to instruct the Adams County Board of Elections to place it on the ballot. The result was the (SCO/ESC) seeking a Writ of Mandamus requiring the Adams County Board of Election to place the deconsolidation issue on the ballot. The Adams County Prosecutor, who represents the Adams County Board of Elections, filed a motion to dismiss in the 4<sup>th</sup> District Ohio Court of Appeals. No action has been taken on the dismissal or on the original brief.

**B. District Finances**

The School District is experiencing financial difficulties. The School District suffered a cash basis operating deficit for fiscal year 2002 and projects cash basis operating deficits for each of the years included in their five year forecast (through the fiscal year ended June 30, 2007). Based on the operating deficits reported on the their five year forecast, the Ohio Department Education requested the School District to submit a financial plan to alleviate the projected operating deficits. The School District, with the assistance of the Ohio Department of Education, submitted a financial plan. The School District then requested the Ohio Department of Education to perform a financial analysis of the School District. The Ohio Department of Education agreed to assist the School District by performing a two year financial analysis. The Ohio Department of Education is monitoring the School District financial condition monthly.

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

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

<b>FEDERAL GRANTOR/ Pass Through Grantor Program Title</b>	<b>Pass Through Entity Number</b>	<b>Federal CFDA Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$138,877	\$0	\$138,877
Child Nutrition Cluster:						
School Breakfast Program	05-PU-01	10.553	65,536	0	65,536	0
	05-PU-02	10.553	122,170	0	122,170	0
Total School Breakfast Program			187,706	0	187,706	0
National School Lunch Program	LL-P1-01	10.555	123,887	0	123,887	0
	LL-P4-01	10.555	110,571	0	110,571	0
	LL-P4-02	10.555	507,984	0	507,984	0
Total National School Lunch Program			742,442	0	742,442	0
Total U.S. Department of Agriculture			<b>930,148</b>	<b>138,877</b>	<b>930,148</b>	<b>138,877</b>
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	C1-S1-00	84.010	0		29,667	
	C1-S1-01	84.010	1,396,297	0	425,674	0
	C1-S1-02	84.010	1,016,135	0	1,405,200	0
Total Title 1			<b>2,412,432</b>	0	<b>1,860,541</b>	0
Special Education Cluster:						
Special Education - Grants to States	6B-PM-01	84.027	0	0	3,050	0
	6B-PM-02	84.027	25,000	0	16,399	0
	6B-SF-01	84.027	238,693	0	150,815	0
	6B-SF-02	84.027	251,705	0	224,501	0
	6B-SX-99	84.027	0	0	966	0
Special Education - Grants to States	6B-ST-01	84.027	25,000	0	24,992	0
	6B-ST-02	84.027	25,000	0	9,161	0
	6B-XS-02	84.027	9,000	0	20,368	0
Total Special Education			<b>574,398</b>	0	<b>450,252</b>	0
Special Education Preschool Grants	PG-S1-02	84.173	21,370	0	21,309	0
	PG-S1-01	84.173	0	0	6,793	0
	PG-S1-00	84.173	0	0	158	0
			<b>21,370</b>	0	<b>28,260</b>	0
Total Special Education Cluster			<b>595,768</b>	0	<b>478,512</b>	0
Vocational Educational Basic Grants to States	20-C1-02	84.048	95,265	0	80,200	0
	20-C1-01	84.048	0	0	3,064	0
	20-C1-00	84.048	0	0	11,914	0
Total Vocational Education			<b>95,265</b>	0	<b>95,178</b>	0
Safe and Drug -Free Schools and Communities-State Grants	DR-S1-01	84.186	0	0	14,007	0
	DR-S1-02	84.186	4,618	0	9,703	0
Total Drug-Free Schools			<b>4,618</b>	0	<b>23,710</b>	0
Goals 2000 State and Local Education						
Continuous Improvement	G2-S2-00	84.276	0	0	22,328	0
Continuous Improvement	G2-S2-01	84.276	0	0	6,838	0
Goals 2000 Continuation	G2-S3-98	84.276	0	0	8,094	0
Entry Year: Ohio First Year	G2-S3-99	84.276	0	0	11,635	0
Performance Incentive	G2-S1-00	84.276	0	0	3,727	0
Performance Incentive	G2-S1-01	84.276	0	0	21,157	0
Total Goals 2000			<b>0</b>	0	<b>73,779</b>	0
Eisenhower Professional Development State Grants	MS-S1-00	84.281	0	0	3,780	0
	MS-S1-01	84.281	12,033	0	19,852	0
	MS-S1-02	84.281	17,964	0	1,180	0
Total Eisenhower Professional Grants			<b>29,997</b>	0	<b>24,812</b>	0

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002  
(continued)**

Innovative Educational Program Strategies	C2-S1-01	84.298	0	0	25,750	0
	C2-S1-02	84.298	9,414	0	2,982	0
Total Innovative Educational Strategies			<b>9,414</b>	0	<b>28,732</b>	0
Technology Literacy Challenge	TF-V2-00	84.318	65,000	0	65,000	0
	TF-42-01	84.318	0	0	14,858	0
Total Technology Literacy Challenge			<b>65,000</b>	0	<b>79,858</b>	0
Reading Excellence Tutorial Program	RN-S2-00	84.338	0	0	<b>76,376</b>	0
Assistive Technology Infusion	AT-S1-02	84.352A	<b>65,261</b>	0	<b>39,932</b>	0
Class Size Reduction	CR-S1-01	84.340	22,335	0	80,541	0
	CR-S1-00	84.340	0	0	5,670	0
	CR-S1-02	84.340	202,144	0	198,956	0
Total Class Size Reduction			<b>224,479</b>	0	<b>285,167</b>	0
Total U.S.Department of Education			<b>3,502,234</b>	0	<b>3,066,597</b>	0
<b><u>APPALACHIAN REGIONAL COMMISSION</u></b>						
<i>Passed Through Ky Science and Technology Council Inc.:</i>						
Appalachian Regional Dvelopment		23.001	246	0	258	0
Total Appalachian Regional Development			<b>246</b>	0	<b>258</b>	0
<b><u>U. S. ENVIRONMENTAL PROTECTION AGENCY</u></b>						
Toxic Substances Compliance Monitoring Cooperative		66.701	0	0	17,616	0
<b>Totals</b>			<b>\$4,432,628</b>	<b>\$138,877</b>	<b>\$4,014,619</b>	<b>\$138,877</b>

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FISCAL YEAR ENDED JUNE 30, 2002**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B— FOOD DISTRIBUTION**

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Federal 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, 2002, the District had no significant food commodities in inventory.

**This page intentionally left blank**



## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

We have audited the financial statements of the Adams County/Ohio Valley School District, Adams County, Ohio (the District), as of and for the fiscal year ended June 30, 2002, and have issued our report thereon dated April 17, 2003, wherein we noted the District was experiencing certain financial difficulties. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

#### **Compliance**

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings as item 2002-10401-001. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated April 17, 2003.

#### **Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated April 17, 2003.

Adams County/Ohio Valley School District  
Adams County  
Independent Accountants' Report on Compliance and on  
Internal Control Required by Government Auditing Standards  
Page 2

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

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

**Betty Montgomery**  
Auditor of State

April 17, 2003



## **Auditor of State Betty Montgomery**

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

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

To the Board of Education:

#### **Compliance**

We have audited the compliance of the Adams County/Ohio Valley School District, Adams County, Ohio (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to its major federal program for the fiscal year ended June 30, 2002. The 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 its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on District's compliance based on our audit.

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

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

#### **Internal Control Over Compliance**

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

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

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

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

**Betty Montgomery**  
Auditor of State

April 17, 2003

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

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

**1. SUMMARY OF AUDITOR'S RESULTS**

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	CFDA # 10.550, 10.553, and 10.555 Nutrition Cluster
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

**FINDING NUMBER 2002-10401-001**

**Material Noncompliance**

Ohio Rev. Code, Section 5705.10, provides that monies paid into any fund shall be used only for the purpose for which such fund is established. Deficit balances indicate that cash from other funds have been used to pay the obligations of this fund. We noted the following negative cash balances during the audit period:

Date	Fund	Fund Balance
December 31, 2001	Title VIB	(\$95,636)
December 31, 2001	Title I	(1,538,111)
December 31, 2001	Drug Free School Fund	(1,159)
December 31, 2001	Reducing Class Size Fund	(5,974)
December 31, 2001	Misc. Federal Grant Fund	(7,595)

**FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

None

**This page intentionally left blank.**

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

**SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2002**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i><b>Explain:</b></i>
2001-10401-001	Ohio Rev. Code, Section 5705.41(D), expenditures were not properly encumbered or certified.	Yes	





**Auditor of State  
Betty Montgomery**

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

Telephone 614-466-4514  
800-282-0370

Facsimile 614-466-4490

**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT**

**ADAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MAY 15, 2003**