



**Auditor of State  
Betty Montgomery**



**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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**Auditor of State  
Betty Montgomery**

**INDEPENDENT ACCOUNTANTS' REPORT**

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

To the Board of Education:

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

Except as discussed in the following paragraph, 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.

We were unable to obtain sufficient evidence to support the existence and valuation of fixed assets reported in the General Fixed Assets Account Group or in the Enterprise Fund.

In our opinion, except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to examine evidence regarding the existence or valuation of fixed assets, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Scioto Valley Local School District, Pike County, as of June 30, 2002, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2003 on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

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

**Betty Montgomery**  
Auditor of State

May 29, 2003

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

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$6,832,705	\$621,070	\$1,162,269	\$8,440,800
Cash and Cash Equivalents with Fiscal Agents	0	0	20,000	0
Receivables:				
Taxes	11,862,200	275,749	2,120,472	0
Intergovernmental	5,597	18,955	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	27,381	0	0	0
Prepaid Items	38,909	0	0	2,817
Restricted Assets:				
Cash and Cash Equivalents	0	0	0	107,978
Cash with Escrow Agents	0	0	0	208,361
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$18,766,792</b>	<b>\$915,774</b>	<b>\$3,302,741</b>	<b>\$8,759,956</b>

<i>PRORIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
<i>Enterprise</i>	<i>Internal Service</i>	<i>Trust &amp; Agency</i>	<i>General Fixed Assets</i>	<i>General Long-Term Obligations</i>	
\$9,355	\$733,914	\$17,620	\$0	\$0	\$17,817,733
0	0	0	0	0	20,000
0	0	0	0	0	14,258,421
30,046	0	0	0	0	54,598
7,968	0	0	0	0	7,968
399	0	0	0	0	27,780
0	0	0	0	0	41,726
0	0	0	0	0	107,978
0	0	0	0	0	208,361
117,853	0	0	23,474,496	0	23,592,349
0	0	0	0	2,117,615	2,117,615
0	0	0	0	1,619,755	1,619,755
<u>\$165,621</u>	<u>\$733,914</u>	<u>\$17,620</u>	<u>\$23,474,496</u>	<u>\$3,737,370</u>	<u>\$59,874,284</u>

(continued)

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

	<b>GOVERNMENTAL FUND TYPES</b>			
	General	Special Revenue	Debt Service	Capital Projects
<b><i>Liabilities,</i></b>				
<b><i>Fund Equity and Other Credits:</i></b>				
<b><i>Liabilities:</i></b>				
Accounts Payable	\$42,142	\$2,145	\$0	\$0
Contracts Payable	0	0	0	441,523
Accrued Wages and Benefits	714,054	154,410	0	0
Compensated Absences Payable	0	0	0	0
Retainage Payable	0	0	0	316,339
Intergovernmental Payable	164,395	27,971	0	0
Deferred Revenue	6,483,694	157,865	1,165,126	0
Undistributed Monies	0	0	0	0
Matured Interest Payable	0	0	20,000	0
Claims Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>7,404,285</b>	<b>342,391</b>	<b>1,185,126</b>	<b>757,862</b>
<b><i>Fund Equity and Other Credits:</i></b>				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved (Deficit)	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	374,452	18,146	0	1,449,705
Reserved for Inventory	27,381	0	0	0
Reserved for Property Taxes	90,941	2,191	16,433	0
Unreserved:				
Undesignated	10,869,733	553,046	2,101,182	6,552,389
<b>Total Fund Equity and Other Credits</b>	<b>11,362,507</b>	<b>573,383</b>	<b>2,117,615</b>	<b>8,002,094</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$18,766,792</b>	<b>\$915,774</b>	<b>\$3,302,741</b>	<b>\$8,759,956</b>

See accompanying notes to the general purpose financial statements.

<i>PRORIETARY FUND TYPES</i>		<i>FIDUCIARY FUND TYPE</i>	<i>ACCOUNT GROUPS</i>		Totals (Memorandum Only)
Enterprise	Internal Service	Trust & Agency	General Fixed Assets	General Long-Term Obligations	
\$55	\$0	\$0	\$0	\$0	\$44,342
0	0	0	0	0	441,523
33,776	0	0	0	0	902,240
14,045	0	0	0	500,212	514,257
0	0	0	0	0	316,339
8,875	0	0	0	72,158	273,399
5,546	0	0	0	0	7,812,231
0	0	17,620	0	0	17,620
0	0	0	0	0	20,000
0	432,360	0	0	0	432,360
0	0	0	0	3,165,000	3,165,000
-----	-----	-----	-----	-----	-----
62,297	432,360	17,620	0	3,737,370	13,939,311
-----	-----	-----	-----	-----	-----
0	0	0	23,474,496	0	23,474,496
103,324	301,554	0	0	0	404,878
0	0	0	0	0	1,842,303
0	0	0	0	0	27,381
0	0	0	0	0	109,565
0	0	0	0	0	20,076,350
-----	-----	-----	-----	-----	-----
103,324	301,554	0	23,474,496	0	45,934,973
-----	-----	-----	-----	-----	-----
\$165,621	\$733,914	\$17,620	\$23,474,496	\$3,737,370	\$59,874,284
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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT**  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2002

	General	Special Revenue	Debt Service	Capital Projects	Totals (Memorandum Only)
<b><u>Revenues:</u></b>					
Intergovernmental	\$5,995,317	\$1,589,208	\$26,183	\$7,032,792	\$14,643,500
Interest	206,709	438	0	204,402	411,549
Tuition and Fees	9,678	0	0	0	9,678
Rent	25,147	0	0	0	25,147
Extracurricular Activities	0	84,580	0	0	84,580
Gifts and Donations	0	4,124	0	0	4,124
Property and Other Local Taxes	8,064,097	188,413	1,431,956	0	9,684,466
Customer Services	76,542	0	0	0	76,542
Miscellaneous	19,205	8,769	0	0	27,974
<b>Total Revenues</b>	<b>14,396,695</b>	<b>1,875,532</b>	<b>1,458,139</b>	<b>7,237,194</b>	<b>24,967,560</b>
<b><u>Expenditures:</u></b>					
Current:					
Instruction:					
Regular	3,886,485	565,642	0	367,912	4,820,039
Special	607,928	609,731	0	0	1,217,659
Other	62,626	0	0	0	62,626
Support Services:					
Pupils	342,103	119,529	0	0	461,632
Instructional Staff	232,158	236,308	0	0	468,466
Board of Education	7,766	0	0	0	7,766
Administration	1,023,680	10,278	0	0	1,033,958
Fiscal	294,880	7,908	22,175	0	324,963
Operation and Maintenance of Plant	1,149,467	234	0	0	1,149,701
Pupil Transportation	868,087	2,200	0	0	870,287
Central	55,389	21,854	0	82,645	159,888
Intergovernmental	0	58,544	0	0	58,544
Extracurricular Activities	211,123	89,754	0	0	300,877
Capital Outlay	271,995	0	0	7,837,927	8,109,922
Debt Service:					
Debt Service - Principal	0	0	90,000	0	90,000
Debt Service - Interest	0	0	171,648	0	171,648
<b>Total Expenditures</b>	<b>9,013,687</b>	<b>1,721,982</b>	<b>283,823</b>	<b>8,288,484</b>	<b>19,307,976</b>
Excess of Revenues Over (Under) Expenditures	5,383,008	153,550	1,174,316	(1,051,290)	5,659,584
<b><u>Other Financing Sources/(Uses):</u></b>					
Proceeds from Sale of Fixed Assets	25,046	0	0	0	25,046
Operating Transfers Out	(50,770)	0	0	0	(50,770)
<b>Total Other Financing Sources (Uses)</b>	<b>(25,724)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>(25,724)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	5,357,284	153,550	1,174,316	(1,051,290)	5,633,860
Fund Balances at Beginning of Year as Restated in Note 18	6,005,223	419,833	943,299	9,053,385	16,421,740
<b>Fund Balances at End of Year</b>	<b>\$11,362,507</b>	<b>\$573,383</b>	<b>\$2,117,615</b>	<b>\$8,002,095</b>	<b>\$22,055,600</b>

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT**  
**Combined Statement of Revenues, Expenditures and**  
**Changes in Fund Balances - Budget and Actual (Budget Basis)**  
**All Governmental Fund Types**  
**For the Fiscal Year Ended June 30, 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>						
Intergovernmental	\$5,989,720	\$5,989,720	\$0	\$1,578,101	\$1,578,101	\$0
Interest	207,248	206,916	(332)	409	438	29
Tuition and Fees	9,678	9,678	0	0	0	0
Rent	25,147	25,147	0	0	0	0
Extracurricular Activities	0	0	0	85,882	84,580	(1,302)
Gifts and Donations	0	0	0	4,124	4,124	0
Property and Other Local Taxes	3,774,290	3,774,290	0	88,180	88,180	0
Customer Services	76,542	76,542	0	0	0	0
Miscellaneous	126	126	0	8,768	8,768	0
<b>Total Revenues</b>	<b>10,082,751</b>	<b>10,082,419</b>	<b>(332)</b>	<b>1,765,464</b>	<b>1,764,191</b>	<b>(1,273)</b>
<b><u>Expenditures:</u></b>						
<b>Current:</b>						
<b>Instruction:</b>						
Regular	3,860,503	3,860,503	0	582,195	582,195	0
Special	604,147	604,147	0	614,143	614,143	0
Other	62,555	62,555	0	0	0	0
<b>Support Services:</b>						
Pupils	391,217	391,217	0	113,261	113,261	0
Instructional Staff	231,098	231,098	0	228,750	228,750	0
Board of Education	7,766	7,766	0	0	0	0
Administration	1,028,516	1,028,516	0	9,615	9,615	0
Fiscal	301,291	301,291	0	7,824	7,824	0
Operation and Maintenance of Plant	1,172,194	1,172,194	0	234	234	0
Pupil Transportation	853,438	853,438	0	2,200	2,200	0
Central	54,066	54,066	0	21,855	21,855	0
Intergovernmental	0	0	0	58,544	58,544	0
Extracurricular Activities	215,452	215,452	0	94,814	94,814	0
Capital Outlay	602,372	602,372	0	0	0	0
<b>Debt Service:</b>						
Debt Service - Principal	0	0	0	0	0	0
Debt Service - Interest	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>9,384,615</b>	<b>9,384,615</b>	<b>0</b>	<b>1,733,435</b>	<b>1,733,435</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	698,136	697,804	(332)	32,029	30,756	(1,273)
<b><u>Other Financing Sources (Uses):</u></b>						
Operating Transfers In	0	0	0	0	0	0
Proceeds from Sale Fixed Assets	25,046	25,046	0	0	0	0
Operating Transfers Out	(50,770)	(50,770)	0	0	0	0
Refund of Prior Year Expenditures	19,079	19,079	0	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(6,645)</b>	<b>(6,645)</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	691,491	691,159	(332)	32,029	30,756	(1,273)
Fund Balances at Beginning of Year	5,725,884	5,725,884	0	547,849	547,849	0
Prior Year Encumbrances Appropriated	40,134	40,134	0	24,318	24,318	0
<b>Fund Balances at End of Year</b>	<b>\$6,457,509</b>	<b>\$6,457,177</b>	<b>(\$332)</b>	<b>\$604,196</b>	<b>\$602,923</b>	<b>(\$1,273)</b>

See accompanying notes to the general purpose financial statements.

<i>DEBT SERVICE FUND</i>			<i>CAPITAL PROJECTS FUND</i>		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$26,183	\$26,183	\$0	\$7,032,792	\$7,032,792	\$0
0	0	0	205,062	204,402	(660)
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
670,201	670,201	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
696,384	696,384	0	7,237,854	7,237,194	(660)
0	0	0	378,583	378,583	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
22,175	22,175	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	82,645	82,645	0
0	0	0	0	0	0
0	0	0	0	0	0
0	0	0	10,644,109	10,644,109	0
90,000	90,000	0	0	0	0
171,648	171,648	0	0	0	0
283,823	283,823	0	11,105,337	11,105,337	0
412,561	412,561	0	(3,867,483)	(3,868,143)	(660)
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
412,561	412,561	0	(3,867,483)	(3,868,143)	(660)
749,708	749,708	0	5,946,279	5,946,279	0
0	0	0	4,511,314	4,511,314	0
\$1,162,269	\$1,162,269	\$0	\$6,590,110	\$6,589,450	(\$660)

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

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b><u>Operating Revenues:</u></b>			
Sales	\$140,261	\$0	\$140,261
Charges for Services	0	1,673,354	1,673,354
Other Revenues	9,903	0	9,903
<i>Total Operating Revenues</i>	150,164	1,673,354	1,823,518
<b><u>Operating Expenses:</u></b>			
Salaries	175,027	0	175,027
Fringe Benefits	73,496	0	73,496
Purchased Services	7,733	214,478	222,211
Materials and Supplies	9,375	0	9,375
Cost of Sales	230,216	0	230,216
Depreciation	6,808	0	6,808
Claims	0	911,350	911,350
Other Operating Expenses	5,708	0	5,708
<i>Total Operating Expenses</i>	508,363	1,125,828	1,634,191
Operating Income (Loss)	(358,199)	547,526	189,327
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Federal Donated Commodities	26,427	0	26,427
Interest Income	29	0	29
Federal and State Subsidies	318,517	0	318,517
Other Non-Operating Revenue	101,442	0	101,442
<i>Total Non-Operating Revenues (Expenses)</i>	446,415	0	446,415
Net Income (Loss) Before Transfers	88,216	547,526	635,742
<b><u>Non-Operating Revenues (Expenses):</u></b>			
Operating Transfers In	50,770	0	50,770
Net Income (Loss)	138,986	547,526	686,512
Retained Earnings at Beginning of Year as Restated in Note 18	(35,662)	(245,972)	(281,634)
Retained Earnings (Deficit) at End of Year	\$103,324	\$301,554	\$404,878

See accompanying notes to the general purpose financial statements.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT**  
 Statement of Revenues, Expenses and  
 Changes in Fund Equity - Budget and Actual (Budget Basis)  
 Proprietary Fund Types  
 For the Fiscal Year Ended June 30, 2002

	<b>ENTERPRISE FUND</b>			<b>INTERNAL SERVICE FUND</b>		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Operating Revenues:</u></b>						
Sales	\$140,261	\$140,261	\$0	\$0	\$0	\$0
Other Revenues	575	9,903	9,328	0	0	0
Charges for Services	0	0	0	1,673,354	1,673,354	0
<i>Total Operating Revenues</i>	140,836	150,164	9,328	1,673,354	1,673,354	0
<b><u>Operating Expenses:</u></b>						
Salaries	171,623	171,623	0	0	0	0
Fringe Benefits	80,539	80,539	0	729,165	729,165	0
Purchased Services	8,157	8,157	0	214,478	214,478	0
Materials and Supplies	213,977	213,977	0	0	0	0
Capital Outlay	849	849	0	0	0	0
Other	5,708	5,708	0	0	0	0
<i>Total Operating Expenses</i>	480,853	480,853	0	943,643	943,643	0
<i>Operating Income (Loss)</i>	(340,017)	(330,689)	9,328	729,711	729,711	0
<b><u>Non-Operating Revenues and Expenses:</u></b>						
Interest	19	29	(10)	0	0	0
Federal and State Subsidies	288,454	288,471	(17)	0	0	0
<i>Total Non-Operating Revenues and Expenses</i>	288,473	288,500	(27)	0	0	0
<i>Excess of Revenues Over(Under) Expenses</i>	(51,544)	(42,189)	9,355	729,711	729,711	0
<b><u>Operating Expenses:</u></b>						
Operating Transfers In	50,770	50,770	0	0	0	0
<i>Excess of Revenues and Other Over (Under) Expenses and Other</i>	(774)	8,581	9,355	729,711	729,711	0
Fund Equity at Beginning of Year	0	0	0	4,203	4,203	0
Fund Equity at End of Year	(\$774)	\$8,581	\$9,355	\$733,914	\$733,914	\$0

See accompanying notes to the general purpose financial statements.

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

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<b><i>Increase (Decrease) in Cash and Cash Equivalents:</i></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$140,261	\$1,673,354	\$1,813,615
Cash Received from Other Operating Sources	9,903	0	9,903
Cash Payments to Suppliers for Goods and Services	(227,917)	0	(227,917)
Cash Payments to Employees for Services	(171,623)	0	(171,623)
Cash Payments for Employee Benefits	(80,539)	(214,478)	(295,017)
Cash Payments for Claims	0	(729,165)	(729,165)
Net Cash Provided by (Used for) Operating Activities	(329,915)	729,711	399,796
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	288,471	0	288,471
Operating Transfers In	50,770	0	50,770
Net Cash Provided by Noncapital Financing Activities	339,241	0	339,241
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest	29	0	29
Net Increase in Cash and Cash Equivalents	9,355	729,711	739,066
Cash and Cash Equivalents at Beginning of Year	0	4,203	4,203
Cash and Cash Equivalents at End of Year	\$9,355	\$733,914	\$743,269
<b><u>Reconciliation of Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Operating Income (Loss)	(\$358,199)	\$547,526	\$189,327
<b><u>Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:</u></b>			
Depreciation	6,808	0	6,808
Donated Commodities Used During Year	26,427	0	26,427
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	(856)	0	(856)
Increase in Materials and Supplies Inventory	(32)	0	(32)
Decrease in Accounts Payable	(424)	0	(424)
Decrease in Accrued Wages and Benefits	(370)	0	(370)
Increase in Compensated Absences Payable	3,774	0	3,774
Decrease in Intergovernmental Payable	(7,043)	0	(7,043)
Increase in Claims Payable	0	182,185	182,185
Total Adjustments	28,284	182,185	210,469
Net Cash Provided for (Used for) Operating Activities	(\$329,915)	\$729,711	\$399,796

See accompanying notes to the general purpose financial statements.

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

Scioto Valley Local School District (the "School District") operates under a locally-elected Board form of government and provides educational services as authorized by state or federal agencies. This Board controls the School District's four instructional/support facilities staffed by 78 non-certificated employees and 99 certificated full-time teaching personnel who provide services to 1,650 students and other community members.

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

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

*Reporting Entity:*

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

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

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

- < Village of Piketon
- < Parent Teacher Organization
- < Ross-Pike County Educational Service District

The School District is associated with two organizations which are defined as a jointly governed organization. These organizations are the South Central Ohio Computer Association, and Pilasco-Ross Special Education Regional Resource Center. These organizations are presented in Note 14 to the general purpose financial statements.

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

*Governmental Fund Types:*

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

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

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

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

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

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

*Proprietary Fund Types:*

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

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

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

*Fiduciary Fund Type:*

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

*Account Groups:*

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

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

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

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

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

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

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

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

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**B. Measurement Focus and Basis of Accounting**(continued)

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

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

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

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue.

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

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

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized in the accounting period which they are earned, and expenses are recognized at the time they are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

**C. Budgetary Process**

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

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**C. Budgetary Process** (continued)

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

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

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

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

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, one supplemental appropriation was legally enacted; however, this amendment was significant.

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

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

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**C. Budgetary Process** (continued)

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

**D. Cash and Cash Equivalents**

To improve cash management, all cash received by the School District is pooled in a central bank account. Monies for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents" on the balance sheet.

During fiscal year 2002, investments were limited to a NOW interest-bearing account and certificates of deposit.

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

Following Ohio statutes, the Board of Education, has by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$206,709. The Special Revenue, Capital Projects and Enterprise Funds also earned interest in the amount of \$438, \$204,402, and \$29, respectively.

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

**E. Inventory**

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

**F. Prepaid Items**

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

**G. Fixed Assets and Depreciation**

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. During fiscal year 2002, the School District has increased its threshold for which fixed assets are to be reported from \$500 to \$1,000.

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**G. Fixed Assets and Depreciation**(continued)

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

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

**H. Compensated Absences**

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the School District's termination policy.

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

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

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

**J. Interfund Transactions**

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

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

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

**K. Fund Balance Reserves**

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, and property taxes. The reserve for property taxes represents taxes recognized as revenue under accounting principles generally accepted in the United States of America but not available for appropriations under State statute.

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. During fiscal year 2002, the School District held monies for the construction of new school buildings. Retainage amounts at June 30, 2002 have been restricted and are presented as "Cash with Escrow Agents" on the balance sheet.

**M. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America 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.

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

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

**NOTE 3 - ACCOUNTABILITY AND COMPLIANCE**

**A. Accountability**

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

<i>Special Revenue Funds</i>	
DPIA	\$11,850
EMIS	80

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

**B. Compliance**

At June 30, 2002, the following fund had appropriations in excess of estimated resources:

<i>Enterprise Fund</i>	
Lunchroom	\$774

**Scioto Valley Local School District**  
**Pike County**  
**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 accounting principles generally accepted in the United States of America (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and the Combined Statement of Revenues, Expenses and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

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

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

	Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses All Governmental fund Types			
	General	Special Revenue	Capital Projects	Debt Service
	<u>                    </u>	<u>                    </u>	<u>                    </u>	<u>                    </u>
GAAP Basis	\$5,357,284	\$153,550	(\$1,051,290)	\$1,174,316
Revenue Accruals	(4,295,196)	(111,341)	0	(761,755)
Expenditure Accruals	4,599	6,693	(857,525)	0
Encumbrances	(375,528)	(18,146)	(1,959,328)	0
Budget Basis	<u><u>\$691,159</u></u>	<u><u>\$30,756</u></u>	<u><u>(\$3,868,143)</u></u>	<u><u>\$412,561</u></u>

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

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

	Enterprise	Internal Service
GAAP Basis	\$138,986	\$547,526
Revenue Accruals	(157,915)	0
Expense Accruals	28,284	182,185
Encumbrances	(774)	0
Budget Basis	\$8,581	\$729,711

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

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

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

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

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**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) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements".

**Deposits:** At fiscal year end, the carrying amount of the School District's deposits was \$18,154,072 and the bank balance was \$18,316,815. Of the bank balance:

1. \$223,665 was covered by federal depository insurance.
2. \$18,093,150 was uninsured and uncollateralized. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**NOTE 6 - PROPERTY TAXES**

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

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

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

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

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

The School District receives property taxes from Pike County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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, tangible personal property, and public utility taxes which became measurable as of June 30, 2002. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2002, was \$90,941 in the General Fund, \$16,433 in the Bond Retirement Fund, and \$2,191 in the Classroom Facilities Fund.

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

	2001 First- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$48,401,870	29.38%	\$49,635,740	30.96%
Public Utility	21,238,530	12.88%	13,832,950	8.63%
Tangible Personal Property	95,128,000	57.74%	96,855,108	60.41%
Total Assessed Value	<u>\$164,768,400</u>	<u>100.00%</u>	<u>\$160,323,798</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$32.20		\$32.20	

**NOTE 7 - RECEIVABLES**

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

	<u>Amount</u>
<b>General Fund</b>	\$ 5,597
<b>Special Revenue Funds</b>	
Title VI-B	1,440
Title I	11,107
Title VI	6,367
Title VI-R	<u>41</u>
Total Special Revenue Funds	18,955
<b>Enterprise Funds</b>	
Food Service	<u>30,046</u>
Total Enterprise Funds	30,046
Total Intergovernmental Receivables	<u>\$54,598</u>

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 8 - FIXED ASSETS**

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

Furniture and Equipment	\$191,692
Less Accumulated Depreciation	<u>(73,839)</u>
Net Fixed Assets	<u><u>\$117,853</u></u>

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

Asset Category	*Balance at 6/30/01	Additions	Deletions	Balance at 6/30/02
Land and Improvements	\$1,460,907	\$1,526,517	\$107,277	\$2,880,147
Buildings and Improvements	6,674,024	14,065,562	0	20,739,586
Furniture, Fixtures and Equipment	1,688,207	1,356,641	1,521,956	1,522,892
Vehicles	1,821,753	118,120	0	1,939,873
Textbooks	673,066	131,712	186,488	618,290
Construction in Progress	8,590,519	8,952,822	14,065,562	3,477,779
Infrastructure	<u>33,936</u>	<u>0</u>	<u>0</u>	<u>33,936</u>
Totals	20,942,412	26,151,374	15,881,283	31,212,503
Less Accumulated Depreciation				<u>(7,738,007)</u>
Total General Fixed Assets				<u><u>\$23,474,496</u></u>

\* See Note 18 for Restatement of fund balances and retained earnings.

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District contracted with Nationwide Mutual Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Mutual Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$46,573,700
Builders Risk Coverage	26,086,800
Inland Marine Coverage (\$100 deductible)	14,838
Boiler and Machinery (\$1,000 deductible)	15,000,000
Crime Insurance	2,500
Automobile Liability (\$100 deductible)	350,000
Uninsured Motorists (\$250 deductible)	1,000,000
Auto Medical Payments	3,000
General Liability	
Per occurrence	2,000,000
Total per year	2,000,000

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

Excess Liability	
Each Occurrence Limit, and Each Sexual Abuse Offense Limit	1,000,000
Personal and Advertising Injury Limit - Each Offense	1,000,000
General Aggregate Limit	3,000,000
Including Employers' Liability and Stop Gap Cov. Bodily Injury Limit:	
Each Accident (by accident)	1,000,000
Policy Limit (by disease)	1,000,000
Each Employee (by disease)	1,000,000
Errors and Omissions Injury Limit	1,000,000
Aggregate Errors and Omissions Injury Limit	2,000,000
Defense Cost Cap	1,000,000
Employee Benefits - Offense Limit	1,000,000
Employee Benefits - Aggregate Limit	3,000,000

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

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The claims liability of \$432,360 reported in the internal service fund at June 30, 2002 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported.

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

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$191,569	\$821,969	\$782,339	\$231,199
2001	\$231,199	\$888,857	\$869,881	\$250,175
2002	\$250,175	\$911,350	\$729,165	\$432,360

**NOTE 10 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The Scioto Valley Local School District participates in the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer defined pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614)222-5853.

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute an actuarially determined rate. The current rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amounts, by the SERS Retirement Board. The Schools District's contributions for pension obligations to SERS for the fiscal years ending June 30, 2000, 2001 and 2002 was \$89,400, \$65,752 and \$50,210 respectively, 30 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$35,110 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 Scioto Valley Local School District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information. The report may be obtained by writing to the State Teachers Retirement System, 300 East Broad Street, Suite 100 Columbus, Ohio 43215-3746 or by calling (614)222-5853.

Plan members are required to contribute 9.3 percent of their annual covered salaries. The current rate is 14 percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contribution for pension obligations to STRS for the fiscal years ending June 30, 2000, 2001, and 2002 was \$218,191, \$441,563 and \$419,852 respectively, 84 percent has been contributed for fiscal year 2002 and 100 percent for the fiscal years 2001 and 2000. \$69,497 representing the unpaid contribution for fiscal year 2002, 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, none of the members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**NOTE 11 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, and after, the STRS board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$199,557 during fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Fund was \$3,256 million at June 30, 2001. For the fiscal year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For this fiscal year, employer contributions to fund health care benefits were 8.46 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2002, the minimum pay has been established at \$12,400. The surcharge, added to the unallocated portion of the 14 percent employer contribution, provides for maintenance of the asset target level for the health care fund. For the School District, the amount to fund health care benefits, including the surcharge, equaled \$157,499 during the 2002 fiscal year.

The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2001, were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001 SERS had net assets available for payment of health care benefits of \$315.7 million. SERS had approximately 50,000 participants currently receiving health care benefits.

**NOTE 12 - EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Life Insurance**

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

**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
Classroom Facilities Obligation				
Bonds - 1998 - 5.30%	\$3,255,000	\$0	\$90,000	\$3,165,000
Pension Obligation	75,465	0	3,307	72,158
Compensated Absences	477,689	22,523	0	500,212
Total General Long-Term Obligations	<u>\$3,808,154</u>	<u>\$22,523</u>	<u>\$93,307</u>	<u>\$3,737,370</u>

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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

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

The School District's voted legal debt margin was \$12,214,411 with an unvoted debt margin of \$160,324 at June 30, 2002.

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

Fiscal Year Ending June 30	Principal	Interest	Total
2003	\$ 95,000	\$ 166,880	\$ 261,880
2004	95,000	161,845	256,845
2005	105,000	156,545	261,545
2006	110,000	150,848	260,848
2007	115,000	144,885	259,885
2008-2012	660,000	625,183	1,285,183
2013-2017	855,000	424,699	1,279,699
2018-2022	1,130,000	159,838	1,289,838
Totals	<u>\$3,165,000</u>	<u>\$1,990,723</u>	<u>\$5,155,723</u>

**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS**

*South Central Ohio Computer Association* - The School District is a participant in the South Central Ohio Computer Association (SCOCA) which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each county, elected by majority vote of all charter member school districts within each county, two treasurers elected by majority vote of all charter school districts, and one representative from the fiscal agent. The School District paid SCOCA \$41,300 for services provided during the year. Financial information can be obtained from their fiscal agent, the Pike County Joint Vocational School District, at P. O. Box 577, 23365 St. Rt. 124, Piketon, Ohio 45661.

*Pilasco-Ross Special Education Regional Resource Center* - The Pilasco-Ross Special Education Regional Resource Center (SERRC) is a special education service center which represents Lawrence, pike, Ross and Scioto Counties. The SERRC selects its own governing board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly-governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

**Scioto Valley Local School District**  
Pike County  
Notes to the General Purpose Financial Statements  
For the Fiscal Year Ended June 30, 2002

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**NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS** (continued)

The SERRC is governed by a board composed of superintendents of participating schools, parents of children with disabilities, representatives of county boards of MR/DD, Joint Vocational Schools, Pickaway-Ross CTC, Shawnee State University, and Pike, Ross, Lawrence and South Central Ohio Educational Service Centers, whose terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Board. The fiscal agent for the SERRC is Dawson-Bryant Local School District. Financial information can be obtained by contacting Donald Washburn, Director of Pilasco-Ross, at the South Central Ohio Educational Service Center, 411 Court Street, Portsmouth, Ohio 45663.

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The School District is not party to any legal proceedings.

**NOTE 16 - SUPREME COURT CASE DECISION**

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

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

**NOTE 17 - DEFERRED COMPENSATION**

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

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 18 - RESTATEMENT FUND BALANCE**

**Restatement of Fund Balance.** An accounting error was noted in the Special Revenue Funds. The retained earnings at June 30, 2001 of the Enterprise Fund was restated from amounts previously reported to eliminate the reporting of Property, Plant, and Equipment below the capitalization threshold, which was increased from \$500 to \$1,000. The increase in the capitalization threshold, as well as, an asset re-appraisal resulted in the General Fixed Asset Account Group being restated from the balance previously stated of \$19,198,747 to \$20,942,412. These restatements had the following effect on fund balance/retained earnings as they were previously reported as of June 30, 2001.

	<u>Special Revenue</u>	<u>Enterprise</u>
Fund Balance/Retained Earnings at June 30, 2001	\$419,806	(\$40,400)
Restatement Amount	27	4,738
Adjusted Fund Balance/Retained Earnings at July 1, 2001	\$419,833	(\$35,662)

**NOTE 19 - STATUTORY RESERVES**

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition or construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in restricted cash at year-end and carried forward to be used for the same purposes in future years. The requirement for the establishment of a Budget Stabilization Reserve set-aside has been eliminated by Senate Bill 345.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 2001	\$0	\$0	\$0
Current year set-aside requirement	186,900	186,900	373,800
Current year offsets & Pr. Yr. Carry Over	(31,119)	(95,031)	(126,150)
Qualifying disbursements	(310,368)	(258,910)	(569,278)
Set-aside Balance Carried Forward to Future Years	(\$154,587)	(\$167,041)	(\$321,628)
Set-aside Reserve Balance as of June 30, 2002	\$0	\$0	\$0

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

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

**NOTE 20 - CONTRACTUAL COMMITMENTS**

As of June 30, 2002, the School District had contractual commitments for the construction purchase commitments for the construction of a new high school facility as follows:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/02
George Igel & Company	\$688,122	\$673,500	\$14,622
Mechanical Construction (HVAC)	1,825,909	1,784,964	40,945
Mechanicals, Inc. (Plumbing)	726,165	708,520	17,645
Brush Contractors, Inc.	1,765,484	1,717,709	47,775
C & T Design Equipment Co.	139,567	131,271	8,296
Farnham Equipment Co.	103,860	93,325	10,535
Ingle-Barr	352,123	326,585	25,538
School Specialty	40,572	0	40,572
Porter Athletic Co.	2,448	0	2,448
Interior Solutions	51,206	44,532	6,674
Norris Kindall	56,821	0	56,821
Stockmeister Enterprises, Inc.	7,258,579	7,138,388	120,191
Franklin Fire Sprinkler Co.	208,662	207,228	1,434
<b>Total</b>	<b>\$13,219,518</b>	<b>\$12,826,022</b>	<b>\$393,496</b>

As of June 30, 2002, the School District had contractual commitments for the construction purchase commitments for the construction of a new middle school facility as follows:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/02
J & H Reinforcing	\$2,271,006	\$1,567,298	\$703,708
Keen & Cross	69,160	44,317	24,843
A J Stockmeister (Plumbing)	310,234	245,240	64,994
A J Stockmeister (HVAC)	1,035,777	897,492	138,285
Central Fire Protection	166,127	125,872	40,255
West End Electric	1,330,758	700,992	629,766
<b>Total</b>	<b>\$5,183,062</b>	<b>\$3,581,211</b>	<b>\$1,601,851</b>

**Scioto Valley Local School District**  
**Pike County**  
**Notes to the General Purpose Financial Statements**  
**For the Fiscal Year Ended June 30, 2002**

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**NOTE 20 - CONTRACTUAL COMMITMENTS** (continued)

As of June 30, 2002, the School District had contractual commitments for the construction purchase commitments for the construction of a new elementary school facility as follows:

Contractor	Contract Amount	Amount Expended	Balance at 6/30/02
Ingle-Barr	\$2,683,000	\$0	\$2,683,000
Cardinal Services	93,120	0	93,120
Restaurant Equipment Services, Inc.	100,800	0	100,800
Mechanical Construction	1,828,870	0	1,828,870
Central Fire Protection	197,778	0	197,778
West End Electric	1,062,300	0	1,062,300
Gilbane Building Co.	494,493	0	494,493
Tanner, Stone & Co.	419,916	0	419,916
Total	<u>\$6,880,277</u>	<u>\$0</u>	<u>\$6,880,277</u>

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

<b>Federal Grantor/ Pass Through Grantor Program Title</b>	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
<b>U.S. Department of Agriculture</b>						
<i>Passed Through Ohio Department of Education:</i>						
Child Nutrition Cluster:						
Food Distribution Program		10.550	\$0	\$23,247	\$0	\$26,952
School Breakfast Program	05-PU 99/00	10.553	68,748	0	68,748	0
National School Lunch Program	03-PU 99/00	10.555	195,374	0	195,374	0
Total U.S. Department of Agriculture- Child Nutrition Cluster			264,122	23,247	264,122	26,952
<b>U.S. Department of Education</b>						
<i>Passed through Ohio Department of Education:</i>						
Special Education Grants to States (Title VI-B)	6B-SF 99/00 P	84.027	129,381	0	79,079	0
Grants To Local Educational Agencies (ESEA Title I)	C1-S1 99/00	84.010	635,361	0	606,373	0
ATIP Round One		84.352A	8,866	0	8,848	0
Performance Incentive		84.048	20,019	0	26,797	0
Class Size Reduction	CR-S1 00	84.340	88,690	0	95,117	0
Eisenhower Professional Development State Grant	MS-S1 00	84.281	11,530	0	15,900	0
Innovative Educational Program Strategy Grant (Title VI)	C2-S1 99/00	84.151	2,600	0	1,026	0
Drug Free Schools Grant	DR-S1 00	84.186	16,519	0	19,288	0
Continuous Improvement	G2-S1 99/00	84.276	0	0	6,525	0
Total U.S. Department of Education			912,966	0	858,953	0
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$1,177,088</b>	<b>\$23,247</b>	<b>\$1,123,075</b>	<b>\$26,952</b>

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

**NOTE A – SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B FOOD DISTRIBUTION**

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



**Auditor of State  
Betty Montgomery**

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

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

To The Board of Education:

We have audited the accompanying general-purpose financial statements of the Scioto Valley Local School District, Pike County, Ohio (the School District), as of and for the year ended June 30, 2002, and have issued our report thereon dated May 29, 2003, wherein we noted a lack of evidence to fully support the existence and valuation of fixed assets. Except as discussed in the preceding sentence, we conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is disclosed in the accompanying Schedule of Findings as item 2002-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the School District in a separate letter dated May 29, 2003.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2002-002 and 2002-003.

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 and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2002-002 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated May 29, 2003.

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

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

**Betty Montgomery**  
Auditor of State

May 29, 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

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

To the Board of Education:

#### Compliance

We have audited the compliance of the Scioto Valley Local School District, Pike County, Ohio (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 2002. The School District's major federal program is identified in the Summary of Auditor's Results section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

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

#### Internal Control Over Compliance

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

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

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

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

**Betty Montgomery**  
Auditor of State

May 29, 2003

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

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

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

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

<b>2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding Number 2002-001**

**Finding for Recovery – Repaid Under Audit**

The Agreement between the Piketon-Scioto Education Association and the Scioto Valley Local School District Board of Education provides for the compensation for employee's sick leave and vacation balances upon severance. A severance payment was made to Wanda Phipps, former employee, upon her retirement for her accumulated sick leave balance. According to the School District's policy, upon retirement, an employee is entitled to compensation for only one fourth (25%) of unused sick leave up to 45 days. Ms. Phipps was compensated \$13,178.59 for 25% of 175 days and should have only been compensated \$12,802.28 for 25% of 170 days, since the District failed to deduct 5 days that she used from her accumulated sick leave balance. This resulted in her being overpaid \$376.31.

In accordance with the foregoing facts, and pursuant to Ohio Rev. Code Section 117.28, a Finding for Recovery for public money that has been illegally expended is hereby issued against Wanda Phipps and the Ohio Casualty Group, Inc., the District's bonding company, jointly and severally, in the amount of three hundred seventy six dollars and thirty one cents (\$376.31), and in favor of the Title I Fund. The finding was repaid by Wanda Phipps via payroll deduction on January 10, 2003 from her earnings as a tutor for the District.

**Finding Number 2002-002**

**Material Weakness**

We noted a lack of documentation to support the location, valuation, additions to and disposals of fixed assets. As of June 30, 2001, the School District maintained listings of the location and value of \$19.2 million in General fixed assets and \$294 thousand in Enterprise fixed assets, which we previously audited.

Since the School District did not update its fixed asset addition or deletion records subsequent to June 30, 2001, an appraisal firm valued the School District's General fixed assets as of February 14, 2002 at \$27.6 million and its Enterprise fixed assets at \$192 thousand, and reported additions through February 14 of \$17.1 million in General fixed assets and \$102 thousand in Enterprise fixed assets. The GAAP conversion company determined there to be \$5.5 million in construction in progress additions and \$15.9 million in deletions to General fixed assets as of February 14, 2002. The GAAP conversion company did not determine any other additions or deletions to the Enterprise fixed assets. This implies the General fixed asset total at June 30, 2001 should have been \$20.9 million (\$27.6 ending balance minus \$22.6 additions plus \$15.9 deletions) rather than \$19.2 million and the Enterprise fixed asset total should have been \$90 thousand (\$192 - \$102) rather than \$294 thousand.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

<b>2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**Finding Number 2002-002 (Continued)**

**Material Weakness (Continued)**

We were unable to find documents to support the \$1.7 million increase in the June 30, 2001 General fixed assets balance and the \$204 thousand decrease in the June 30, 2001 Enterprise fixed assets balance because these amounts were calculated by taking the difference between the previous audited balances and the new appraised values, which were estimated, therefore there is no support. We were unable to find documents to support the location and valuation of \$1.5 million of the \$17.1 million General fixed asset additions because the new appraisal did not use actual costs to determine the amounts recorded for the fixed assets additions, therefore, we were unable to agree any of these additions to supporting documentation such as vouchers or invoices. Also, we were unable to support the deletions to the General fixed assets because that amount was calculated using the new appraisal amount, the recorded additions, and the adjusted June 30, 2001 balance. Therefore there is no actual supporting documentation for the deletions.

Additionally, we attempted to agree fixed assets from the prior year listing to the Fixed Asset Ledger prepared by the appraisal firm. We selected the entire Enterprise fixed asset listing. We could not agree any assets from the June 30, 2001 listing to the June 30, 2002 listing. We also compared the fixed assets from the June 30, 2001 General Fixed Asset listing to the June 30, 2002 listing for some high dollar general fixed assets such as buildings and land and several were in agreement. However, there were several other obvious differences identified including descriptions, acquisition costs, locations, dates of purchase and previously fully-depreciated assets that were not fully-depreciated on the reappraisal report. We also noted errors in the amounts recorded for the new High School building and land improvements. The new High School was in use during Fiscal Year 2002, but all the related contracts had not been completely paid by fiscal year end. We could not agree the descriptions and amounts recorded as building and land improvement additions to the contract descriptions or payments made as of the fiscal year end. This indicates that the amounts recorded as building additions and land improvements were estimated. This could result in the amounts recorded being materially misstated. The amounts of contracts that were paid as of fiscal year end should have been the amounts recorded as additions and the amounts amended after the contracts were completed.

Using estimated information, rather than vouchers listing account codes from which the assets were purchased, to record asset additions does not enable the School District to identify the fund and function from which the asset was purchased. While under current GAAP requirements this does not pose an immediate problem with financial reporting, the implementation of the new reporting model required under GASB 34 requires such information be available to properly record information such as the loss on the disposal of assets, depreciation, etc.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

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

<b>2. FINDINGS RELATED TO THE GENERAL PURPOSE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS (Continued)</b>
---

**Finding Number 2002-002 (Continued)**

**Material Weakness (Continued)**

The School District estimated the value of many fiscal year 2002 additions. The School District should have records to support the valuation of material current year additions. The School District should record additions and deletions when the transactions occur. When an asset is purchased and has been received, the Treasurer or her designee should complete a fixed asset addition form and attach a copy of the invoice for payment to it. The Treasurer's Office should assign a tag for the asset and ensure that the tag is affixed to the appropriate asset. The Treasurer or her designee should record the tag number on the asset addition form. The Treasurer should then file the form in a separate file for asset additions. If this process is used throughout the year, the Treasurer can then use the file with the addition forms to prepare the annual update to be sent to the appraisal firm. When an asset is disposed of, the Treasurer or her designee should complete an asset disposal form. The Treasurer or her designee should remove the asset inventory tag from the asset and attach it to the disposal form to ensure that the appropriate asset is removed from the inventory listing. The Treasurer should maintain the disposal forms in a separate file. The Treasurer can then use this file at the end of the year to send the necessary information for the annual inventory update to the appraisal firm. Such processes would enable the School District to ensure that the amounts reported for fixed assets are appropriately recorded and that the asset inventory is accurate for both reporting and insurance purposes. We further recommend the Treasurer continue to work with Gilbane (the general contractor) to close out the project account and determine the actual amounts expended for the construction of the new school buildings. The Treasurer and the appraisal firm should adjust the building values on the fixed assets reports to agree to the actual amounts expended for the construction of the buildings. We also recommend the Treasurer work with the appraisal firm to address the problems identified above and attempt to make corrections, since the School District will be subject to GASB 34 in the succeeding year.

**Finding Number 2002-003**

**Reportable Condition**

The Jasper Elementary Student Council conducted a fundraising project during fiscal year 2002 in which students took orders for candy and various other products. When the ordered products were received from the fundraiser company, they were given to the students to deliver to the individuals who ordered them to collect the money and return it to the activity advisor. At the end of the project, there were several students who did not turn in the monies collected for the products or return the products to the activity advisor. The activity advisor provided a list of students who did not turn in monies and/or products but did not have a detailed list of the amounts owed by each student or the products that should have been returned by them. Also, there was no documentation maintained by the activity advisor, such as copies of order forms, to document the products that each student received for their orders and how much money each of them should then turn in at the end of the project. Another problem encountered with this fundraiser is that the monies were collected by the school secretary who did not always accurately identify on the duplicate receipt the source of the receipts collected. Then, when these monies were paid in to the Treasurer's office, the description posted to the accounting system was also incorrect. This resulted in being unable to determine the exact amount owed that was not turned in by the students. The Treasurer and Activity Advisor stated that every attempt was made to recover the monies and/or products by sending letters to the students' parents, making phone calls, and even visiting the students' homes. However, they did not maintain copies of the letters sent or otherwise document any of the phone calls or home visits.

SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY

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

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

**Finding Number 2002-003 (Continued)**

**Reportable Condition (Continued)**

We recommend the School District make all attempts necessary to determine the amounts owed by each student and make all attempts necessary to recover the monies from these students. We also recommend for all future fundraisers that the School District require the Activity Advisors to maintain an accounts receivable form. This form should list each student's name, the quantity of product delivered to each student, collections from each student, and the remaining balance due from each student.

**3. FINDINGS FOR FEDERAL AWARDS**

This audit of the Scioto Valley Local School District Pike County for the year ended June 30, 2002 contained no findings for federal awards.

**SCIOTO VALLEY LOCAL SCHOOL DISTRICT  
PIKE COUNTY**

**CORRECTIVE ACTION PLAN  
OMB CIRCULAR A-133 §.315 (c)  
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
<b>2002-001</b>	None – Repaid Under Audit	N/A	N/A
<b>2002-002</b>	Have created an additions and deletions file that will be updated throughout the year and will be gathering more accurate information from Gilbane.	Ongoing process	Megan Williams, Treasurer
<b>2002-003</b>	Considering having only pre-paid fundraisers and/or maintaining better records.	June 30, 2003	Megan Williams, Treasurer



**Auditor of State  
Betty Montgomery**

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**SCIOTO VALLEY LOCAL SCHOOL DISTRICT**

**PIKE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
JULY 8, 2003**