



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

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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

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INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Adams County/Ohio Valley School District, Adams County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the District, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the fiscal year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 7, 2001, on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by the U.S. Office of Management & 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. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 7, 2001

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*Adams County/Ohio Valley School District
Adams County*

*Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and Other Debits:</u>				
<u>Assets:</u>				
Equity in Pooled Cash and Cash Equivalents	\$1,246,101	\$1,338,857	\$1,836,928	\$35,338
Receivables:				
Taxes	13,161,034	0	3,103,001	0
Accounts	12,431	0	0	0
Intergovernmental	30,238	1,227,163	0	0
Accrued Interest	34,775	0	0	0
Interfund Receivable	1,066,151	0	0	0
Prepaid Items	42,720	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	421,498	0	0	0
Funds on Deposit with Deferred Compensation Boards	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<u>Other Debits:</u>				
Amount Available in Debt Service Fund for the Retirement of General Obligations	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$16,014,948</u>	<u>\$2,566,020</u>	<u>\$4,939,929</u>	<u>\$35,338</u>

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
		<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
<u>Enterprise</u>	<u>Trust and Agency</u>			
\$1,004,978	\$260,165	\$0	\$0	\$5,722,367
0	0	0	0	16,264,035
0	0	0	0	12,431
108,316	0	0	0	1,365,717
0	200	0	0	34,975
0	0	0	0	1,066,151
0	0	0	0	42,720
19,906	0	0	0	19,906
7,505	0	0	0	7,505
0	0	0	0	421,498
0	22,196	0	0	22,196
701,098	0	56,215,156	0	56,916,254
0	0	0	2,391,793	2,391,793
0	0	0	41,274,941	41,274,941
<u>\$1,841,803</u>	<u>\$282,561</u>	<u>\$56,215,156</u>	<u>\$43,666,734</u>	<u>\$125,562,489</u>

(continued)

*Adams County/Ohio Valley School District
Adams County*

**Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000
(Continued)**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Liabilities</u>				
<u>Fund Equity and Other Credits:</u>				
<u>Liabilities:</u>				
Accounts Payable	\$51,591	\$14,769	\$0	\$0
Contracts Payable	5,794	146	0	0
Accrued Wages and Benefits	2,016,753	415,704	0	0
Compensated Absences Payable	142,410	2,131	0	0
Interfund Payable	0	1,065,676	0	475
Intergovernmental Payable	475,513	83,719	0	56
Deferred Revenue	11,255,564	0	2,548,136	0
Undistributed Monies	0	0	0	0
Deferred Compensation Payable	0	0	0	0
Due to Others	0	0	0	0
EPA Asbestos Loan Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	13,947,625	1,582,145	2,548,136	531
<u>Fund Equity and Other Credits:</u>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	426,107	216,147	0	2,734
Reserved for Property Taxes	1,905,470	0	554,865	0
Reserved for Budget Stabilization	366,498	0	0	0
Reserved for School Bus Purchases	55,000	0	0	0
Unreserved:				
Designated for Textbooks	190,568	0	0	0
Designated for Capital Acquisitions	123,751	0	0	0
Designated for Budget Stabilization	524,041	0	0	0
Undesignated (Deficit)	(1,524,112)	767,728	1,836,928	32,073
Total Fund Equity and Other Credits	2,067,323	983,875	2,391,793	34,807
Total Liabilities, Fund Equity and Other Credits	\$16,014,948	\$2,566,020	\$4,939,929	\$35,338

See accompanying notes to the financial statements.

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$1,155	\$0	\$0	\$0	\$67,515
3,150	0	0	0	9,090
72,956	0	0	0	2,505,413
48,034	0	0	2,235,926	2,428,501
0	0	0	0	1,066,151
55,286	0	0	230,395	844,969
5,366	0	0	0	13,809,066
0	132,380	0	0	132,380
0	22,196	0	0	22,196
0	50,000	0	0	50,000
0	0	0	114,413	114,413
0	0	0	696,000	696,000
0	0	0	40,390,000	40,390,000
<u>185,947</u>	<u>204,576</u>	<u>0</u>	<u>43,666,734</u>	<u>62,135,694</u>
0	0	56,215,156	0	56,215,156
902,182	0	0	0	902,182
753,674	0	0	0	753,674
0	16,239	0	0	661,227
0	0	0	0	2,460,335
0	0	0	0	366,498
0	0	0	0	55,000
0	0	0	0	190,568
0	0	0	0	123,751
0	0	0	0	524,041
0	61,746	0	0	1,174,363
<u>1,655,856</u>	<u>77,985</u>	<u>56,215,156</u>	<u>0</u>	<u>63,426,795</u>
<u>\$1,841,803</u>	<u>\$282,561</u>	<u>\$56,215,156</u>	<u>\$43,666,734</u>	<u>\$125,562,489</u>

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*Adams County/Ohio Valley School District
Adams County*

**Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)	
	General	Special Revenue	Debt Service	Expendable Trust		
Revenues:						
Property Taxes	\$15,388,755	\$0	\$3,957,788	\$0	\$0	\$19,346,543
Intergovernmental	11,222,957	5,463,851	176,129	1,000	0	16,863,937
Interest	423,397	0	0	0	0	423,397
Tuition and Fees	78,077	5,255	0	0	0	83,332
Rent	15,001	0	0	0	0	15,001
Extracurricular Activities	4,943	208,560	0	0	0	213,503
Gifts and Donations	800	56,484	0	0	38,170	95,454
Customer Services	45,704	0	0	0	0	45,704
Miscellaneous	20,115	60,027	0	0	5,311	85,453
Total Revenues	<u>27,199,749</u>	<u>5,794,177</u>	<u>4,133,917</u>	<u>1,000</u>	<u>43,481</u>	<u>37,172,324</u>
Expenditures:						
Current:						
Instruction:						
Regular	10,823,014	1,853,863	0	0	0	12,676,877
Special	2,179,499	1,705,269	0	0	0	3,884,768
Vocational	1,768,126	106,039	0	0	0	1,874,165
Other	1,059	0	0	0	0	1,059
Support Services:						
Pupils	1,106,222	130,942	0	0	0	1,237,164
Instructional Staff	828,592	1,056,376	0	0	0	1,884,968
Board of Education	437,583	0	0	0	0	437,583
Administration	2,142,337	90,699	0	0	0	2,233,036
Fiscal	727,925	19,212	78,238	0	0	825,375
Business	212,691	0	0	0	0	212,691
Operation and Maintenance of Plant	3,027,613	13,005	0	0	0	3,040,618
Pupil Transportation	2,414,570	831	0	0	0	2,415,401
Central	79,675	25,355	0	0	0	105,030
Non-Instructional Services	7,308	515	0	0	11,317	19,140
Extracurricular Activities	197,907	222,210	0	0	0	420,117
Capital Outlay	298,899	760	0	254,096	15,000	568,755
Intergovernmental	0	70,506	0	0	0	70,506
Debt Service:						
Principal Retirement	0	0	1,791,616	0	0	1,791,616
Interest and Fiscal Charges	0	0	2,421,847	0	0	2,421,847
Total Expenditures	<u>26,253,020</u>	<u>5,295,582</u>	<u>4,291,701</u>	<u>254,096</u>	<u>26,317</u>	<u>36,120,716</u>
Excess of Revenues Over (Under) Expenditures	<u>946,729</u>	<u>498,595</u>	<u>(157,784)</u>	<u>(253,096)</u>	<u>17,164</u>	<u>1,051,608</u>
Other Financing Sources (Uses):						
Operating Transfers In	16,451	5,610	250,132	2,920	0	275,113
Proceeds from Sale of Notes	0	0	870,000	0	0	870,000
Operating Transfers Out	<u>(244,234)</u>	<u>(11,457)</u>	<u>0</u>	<u>(16,683)</u>	<u>0</u>	<u>(272,374)</u>
Total Other Financing Sources (Uses)	<u>(227,783)</u>	<u>(5,847)</u>	<u>1,120,132</u>	<u>(13,763)</u>	<u>0</u>	<u>872,739</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	718,946	492,748	962,348	(266,859)	17,164	1,924,347
Fund Balances at Beginning of Year Restated (Note 18)	1,445,222	491,127	1,429,445	301,666	19,897	3,687,357
Decrease in Reserve for Inventory	<u>(96,845)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(96,845)</u>
Fund Balances at End of Year	<u>\$2,067,323</u>	<u>\$983,875</u>	<u>\$2,391,793</u>	<u>\$34,807</u>	<u>\$37,061</u>	<u>\$5,514,859</u>

See accompanying notes to the financial statements.

*Adams County/Ohio Valley School District
Adams County*

**Combined Statement of Revenues, Expenditures and
Changes in Fund Balances - Budget and Actual (Budget Basis)
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property Taxes	\$13,203,160	\$13,863,825	\$660,665	\$0	\$0	\$0
Intergovernmental	11,015,000	11,231,623	216,623	9,358,068	4,325,337	(5,032,731)
Interest	325,000	412,507	87,507	0	0	0
Tuition and Fees	2,133	52,289	50,156	8,942	5,255	(3,687)
Rent	0	15,001	15,001	0	0	0
Extracurricular Activities	7,492	4,943	(2,549)	218,158	208,560	(9,598)
Gifts and Donations	1,350	800	(550)	141,473	56,484	(84,989)
Customer Services	63,297	45,704	(17,593)	0	0	0
Miscellaneous	13,044	12,467	(577)	48,870	60,027	11,157
Total Revenues	24,630,476	25,639,159	1,008,683	9,775,511	4,655,663	(5,119,848)
Expenditures:						
Current:						
Instruction:						
Regular	10,494,169	10,951,755	(457,586)	1,685,772	1,756,520	(70,748)
Special	2,296,401	2,211,212	85,189	2,153,776	1,544,583	609,193
Vocational	1,709,658	1,729,662	(20,004)	137,301	124,987	12,314
Adult/Continuing	992	0	992	524	0	524
Other	65,909	11,269	54,640	0	0	0
Support Services:						
Pupils	1,017,668	1,074,523	(56,855)	230,026	156,298	73,728
Instructional Staff	950,119	821,654	128,465	1,518,406	1,049,207	469,199
Board of Education	379,701	434,809	(55,108)	0	0	0
Administration	2,058,709	2,074,847	(16,138)	159,670	86,381	73,289
Fiscal	775,645	747,075	28,570	37,141	19,091	18,050
Business	387,194	212,523	174,671	0	0	0
Operation and Maintenance of Plant	3,121,249	3,110,027	11,222	27,389	15,335	12,054
Pupil Transportation	2,472,268	2,446,934	25,334	3,047	1,049	1,998
Central	79,768	85,509	(5,741)	47,036	26,680	20,356
Non-Instructional Services	22,215	7,307	14,908	97,646	70,482	27,164
Extracurricular Activities	20,329	200,682	(180,353)	256,499	242,948	13,551
Capital Outlay	337,881	356,984	(19,103)	126,360	120,740	5,620
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	26,189,875	26,476,772	(286,897)	6,480,593	5,214,301	1,266,292
Excess of Revenues Over (Under) Expenditures	(1,559,399)	(837,613)	721,786	3,294,918	(558,638)	(3,853,556)
Other Financing Sources (Uses):						
Proceeds from Sale of Notes	0	0	0	0	0	0
Proceeds from Sale of Bonds	0	0	0	0	0	0
Refund of Prior Year Expenditures	406,717	18	(406,699)	0	0	0
Refund of Prior Year Receipts	0	(619)	(619)	0	0	0
Advances In	70,640	72,059	1,419	105,740	803,727	697,987
Advances Out	(427,616)	(769,799)	(342,183)	119,316	(106,462)	(225,778)
Operating Transfers In	955,665	16,451	(939,214)	160,434	5,610	(154,824)
Operating Transfers Out	1,694,982	(244,234)	(1,939,216)	(10,309)	(11,457)	(1,148)
Other Financing Sources	0	0	0	43,935	0	(43,935)
Total Other Financing Sources (Uses)	2,700,388	(926,124)	(3,626,512)	419,116	691,418	272,302
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,140,989	(1,763,737)	(2,904,726)	3,714,034	132,780	(3,581,254)
Fund Balances at						
Beginning of Year	2,156,739	2,156,739	0	826,396	826,396	0
Prior Year Encumbrances Appropriated	820,481	820,481	0	150,217	150,217	0
Fund Balances at End of Year	\$4,118,209	\$1,213,483	(\$2,904,726)	\$4,690,647	\$1,109,393	(\$3,581,254)

See accompanying notes to the financial statements.

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,442,629	\$3,505,209	\$62,580	\$0	\$0	\$0	\$0	\$0	\$0
140,000	176,129	36,129	151,974	1,000	(150,974)	0	0	0
0	0	0	1,358	0	(1,358)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	47,770	37,670	(10,100)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>3,582,629</u>	<u>3,681,338</u>	<u>98,709</u>	<u>153,332</u>	<u>1,000</u>	<u>(152,332)</u>	<u>47,770</u>	<u>37,670</u>	<u>(10,100)</u>
0	0	0	73,141	50,877	22,264	0	0	0
0	0	0	0	11,541	(11,541)	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	38,889	22,394	16,495	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,060	968	92	0	0	0
0	78,238	(78,238)	23	0	23	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	184,657	183,213	1,444	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	17,479	11,352	6,127
0	0	0	0	0	0	0	0	0
0	0	0	71,002	0	71,002	0	31,224	(31,224)
907,120	1,791,616	(884,496)	0	0	0	0	0	0
<u>2,420,076</u>	<u>2,421,847</u>	<u>(1,771)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>3,327,196</u>	<u>4,291,701</u>	<u>(964,505)</u>	<u>368,772</u>	<u>268,993</u>	<u>99,779</u>	<u>17,479</u>	<u>42,576</u>	<u>(25,097)</u>
<u>255,433</u>	<u>(610,363)</u>	<u>(865,796)</u>	<u>(215,440)</u>	<u>(267,993)</u>	<u>(52,553)</u>	<u>30,291</u>	<u>(4,906)</u>	<u>(35,197)</u>
0	870,000	870,000	0	0	0	0	0	0
0	0	0	300,000	0	(300,000)	0	0	0
0	0	0	0	0	0	1,000	55,311	54,311
0	0	0	0	0	0	(955)	0	955
0	0	0	0	475	475	0	0	0
0	0	0	0	0	0	0	0	0
0	250,132	250,132	2,920	2,920	0	0	0	0
0	0	0	(20,511)	(16,683)	3,828	0	0	0
0	0	0	0	0	0	160	500	340
<u>0</u>	<u>1,120,132</u>	<u>1,120,132</u>	<u>282,409</u>	<u>(13,288)</u>	<u>(295,697)</u>	<u>205</u>	<u>55,811</u>	<u>55,606</u>
255,433	509,769	254,336	66,969	(281,281)	(348,250)	30,496	50,905	20,409
1,327,159	1,327,159	0	179,471	179,471	0	19,917	19,917	0
0	0	0	134,415	134,415	0	0	0	0
<u>\$1,582,592</u>	<u>\$1,836,928</u>	<u>\$254,336</u>	<u>\$380,855</u>	<u>\$32,605</u>	<u>(\$348,250)</u>	<u>\$50,413</u>	<u>\$70,822</u>	<u>\$20,409</u>

*Adams County/Ohio Valley School District
Adams County*

*Statement of Revenues,
Expenses and Changes in Fund Equity
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000*

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<u>Operating Revenues:</u>			
Sales	\$940,490	\$0	\$940,490
Interest	0	1,613	1,613
Contributions and Donations	0	26,635	26,635
Other Operating Revenues	676	0	676
Total Operating Revenues	<u>941,166</u>	<u>28,248</u>	<u>969,414</u>
<u>Operating Expenses:</u>			
Salaries	509,539	0	509,539
Fringe Benefits	216,721	0	216,721
Purchased Services	62,940	0	62,940
Materials and Supplies	100,280	0	100,280
Cost of Sales	751,025	0	751,025
Depreciation	59,586	0	59,586
Other	108,817	448	109,265
Total Operating Expenses	<u>1,808,908</u>	<u>448</u>	<u>1,809,356</u>
Operating Income (Loss)	<u>(867,742)</u>	<u>27,800</u>	<u>(839,942)</u>
<u>Non-Operating Revenues:</u>			
Interest	40,450	0	40,450
Federal Donated Commodities	120,419	0	120,419
Federal and State Subsidies	846,793	0	846,793
Gain on Sale of Fixed Assets	140	0	140
Total Non-Operating Revenues	<u>1,007,802</u>	<u>0</u>	<u>1,007,802</u>
Net Income Before Operating Transfers	140,060	27,800	167,860
Operating Transfers Out	<u>(2,739)</u>	<u>0</u>	<u>(2,739)</u>
Net Income	137,321	27,800	165,121
Retained Earnings/Fund Balance at Beginning of Year Restated (Note 18)	<u>616,353</u>	<u>13,124</u>	<u>629,477</u>
Retained Earnings/Fund Balance at End of Year	753,674	40,924	794,598
Contributed Capital at Beginning and End of Year	<u>902,182</u>	<u>0</u>	<u>902,182</u>
Total Fund Equity at End of Year	<u>\$1,655,856</u>	<u>\$40,924</u>	<u>\$1,696,780</u>

See accompanying notes to the financial statements.

*Adams County/Ohio Valley School District
Adams County*

***Combined Statement of Revenues, Expenses and
Changes in Fund Equity - Budget and Actual (Budget Basis) -
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000***

	<u>Enterprise Fund</u>			<u>Nonexpendable Trust Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<i>Revenues:</i>						
Sales	\$818,962	\$940,490	\$121,528	\$0	\$0	\$0
Federal and State Subsidies	888,101	871,912	(16,189)	0	0	0
Interest	24,216	40,450	16,234	269	1,613	1,344
Contributions and Donations	0	0	0	26,000	26,635	635
Proceeds from Sale of Fixed Assets	0	500	500	0	0	0
Other	282,802	676	(282,126)	0	0	0
Total Revenues	2,014,081	1,854,028	(160,053)	26,269	28,248	1,979
<i>Expenses:</i>						
Salaries	527,221	502,684	24,537	0	0	0
Fringe Benefits	227,293	206,751	20,542	0	0	0
Purchased Services	137,907	118,198	19,709	0	0	0
Materials and Supplies	1,351,118	725,806	625,312	0	0	0
Capital Outlay	314,450	128,613	185,837	0	0	0
Other	243,276	119,622	123,654	591	448	143
Total Expenses	2,801,265	1,801,674	999,591	591	448	143
Excess of Revenues Over (Under) Expenses	(787,184)	52,354	839,538	25,678	27,800	2,122
Operating Transfers Out	(2,739)	(2,739)	0	0	0	0
Excess of Revenues Over (Under) Expenses and Transfers	(789,923)	49,615	839,538	25,678	27,800	2,122
Fund Equity at Beginning of Year	730,904	730,904	0	12,925	12,925	0
Prior Year Encumbrances Appropriated	80,496	80,496	0	0	0	0
Fund Equity at End of Year	\$21,477	\$861,015	\$839,538	\$38,603	\$40,725	\$2,122

See accompanying notes to the financial statements.

*Adams County/Ohio Valley School District
Adams County*

**Combined Statement of Cash Flows
Proprietary Fund Type and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Nonexpendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$940,490	\$0	\$940,490
Cash Received from Contributions and Donations	0	26,635	26,635
Cash Received from Other Operating Sources	676	0	676
Cash Payments to Suppliers for Goods and Services	(788,345)	0	(788,345)
Cash Payments to Employees for Services	(502,684)	0	(502,684)
Cash Payments for Employee Benefits	(206,492)	0	(206,492)
Cash Payments for Other Operating Activities	(108,817)	(448)	(109,265)
Net Cash Provided by (Used for) Operating Activities	(665,172)	26,187	(638,985)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Federal and State Subsidies Received	871,912	0	871,912
Operating Transfers Out	(2,739)	0	(2,739)
Net Cash Provided by Noncapital Financing Activities	869,173	0	869,173
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(51,372)	0	(51,372)
Cash Received from Sale of Fixed Assets	500	0	500
Net Cash Provided by (Used for) Capital and Related Financing Activities	(50,872)	0	(50,872)
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	40,450	1,613	42,063
Net Increase in Cash and Cash Equivalents	193,579	27,800	655,966
Cash and Cash Equivalents at Beginning of Year	811,399	12,925	824,324
Cash and Cash Equivalents at End of Year	\$1,004,978	\$40,725	\$1,480,290
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Operating Income (Loss)	(\$867,742)	\$27,800	(\$839,942)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u>			
Depreciation	59,586	0	59,586
Donated Commodities Used During Year	120,419	0	120,419
Interest Received by Nonexpendable Trust	0	(1,613)	(1,613)
<u>Changes in Assets and Liabilities:</u>			
Decrease in Materials and Supplies Inventory	2,277	0	2,277
Decrease in Inventory Held for Resale	(1,101)	0	(1,101)
Increase in Accrued Wages and Benefits	4,319	0	4,319
Increase in Accounts Payable	1,155	0	1,155
Increase in Contracts Payable	3,150	0	3,150
Increase in Compensated Absences Payable	3,050	0	3,050
Increase in Intergovernmental Payable	9,715	0	9,715
Total Adjustments	202,570	(1,613)	200,957
Net Cash Provided by (Used for) Operating Activities	(\$665,172)	\$26,187	(\$638,985)
Reconciliation of Nonexpendable Trust Fund to Balance Sheet			
Cash and Cash Equivalents - All Fiduciary Funds		\$260,165	
Cash and Cash Equivalents - Agency Funds		(132,379)	
Cash and Cash Equivalents - Expendable Trust Fund		(87,061)	
Cash and Cash Equivalents - Nonexpendable Trust Fund		\$40,725	

See accompanying notes to the financial statements.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The Adams County/Ohio Valley School District serves an area of approximately 640 square miles, with 99% of its territory located in Adams County and the remaining 1% in Highland County. Political subdivisions included in the School District are the Villages of West Union, Manchester, Peebles, Winchester, Sinking Spring, Cherry Fork, Rome, and Seaman, the fifteen townships of Adams County and the southern half of Brush Township in Highland County. The School District is staffed by 234 non-certificated employees, 417 certificated employees who provide services to 5,295 students and other community members. The School District currently operates 11 instructional buildings, 1 administrative building, and 2 bus garages and a supply warehouse.

Reporting Entity:

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

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

The following activities are included within the reporting entity:

Non-Public Schools - The Adams County Christian School is operated within the School District boundaries. Current State legislation provides funding to these non-public schools.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

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

These monies are received and disbursed on behalf of the non-public schools by the Treasurer of the School District, as directed by the non-public school. The activity of these State monies is reflected in a special revenue fund for financial reporting purposes.

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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).

Proprietary Fund Type:

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fiduciary Fund Types:

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

Account Groups:

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

The modified accrual basis of accounting is followed for the governmental, expendable trust, and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after fiscal year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: interest, tuition and student fees, grants, and property taxes available for advance.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded 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 type and the nonexpendable trust fund. Revenues are recognized in the accounting period in 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 on the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

C. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The 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. The Treasurer is authorized to further allocate Board of Education appropriations to the function and object level for all funds.

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund level of expenditures, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at the fund level 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, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

Encumbrances:

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

Lapsing of Appropriations:

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

D. Cash and Investments

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

During fiscal year 2000, the School District's investments were limited to federal agency securities, money market mutual funds, and certificates of deposit.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2000 amounted to \$423,397, which includes \$212,168 assigned from other School District funds. The enterprise and nonexpendable trust funds also received interest revenue of \$40,450 and \$1,613, respectively.

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

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

G. Fixed Assets and Depreciation

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

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

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The School District currently participates in several State and Federal programs, categorized as follows:

Entitlements

General Fund

State Foundation Program
State Property Tax Relief
School Bus Purchase Reimbursement

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Venture Capital
Auxiliary Services
Disadvantaged Pupil Program
Career Development
Community Education
Adult High School
Teacher Development
Early Childhood Education

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

- Adolescent Pregnancy Program
- Gifted Education
- Education Management Information Systems
- School Building Incentive Grants
- Public School Preschool
- Entry Year Programs
- Textbook Subsidy
- Artist in Residence Grant
- Conflict Management Grant
- Parent Mentor Grant
- NEDA Title III
- Title VI-B
- Carl D. Perkins
- Title I
- Title VI
- Preventive Health Block Grant
- Drug-Free Schools
- EHA Preschool Grants for the Handicapped
- Goals 2000 Intervention
- School to Work
- Capital Projects Funds*
 - School Net Plus
 - Appalachian Vocational and Other Educational Facilities and Operations
- Reimbursable Grants*
 - General Fund*
 - Driver Education
 - Special Revenue Funds*
 - Post Secondary Vocational Education
 - Capital Projects Funds*
 - Vocational Equipment Grant
 - Proprietary Funds*
 - National School Lunch Program
 - National School Breakfast Program
 - Government Donated Commodities

Grants and entitlements received in governmental funds amounted to approximately 45 percent of governmental fund revenue during the 2000 fiscal year.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

L. Interfund Transactions

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

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

M. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District for the creation of a reserve for budget stabilization. See Note 17 for additional information regarding set-asides.

N. Fund Designations

Fund balance designations are established to indicate tentative planned expenditures of financial resources. The designations reflect the School District's intentions and are subject to change. Designations are reported as part of unreserved fund balance. The designations represent monies set-aside for budget stabilization, textbooks and capital acquisitions in excess of the statutory required amount.

O. Fund Balance Reserves

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

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

P. Estimates

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Q. Total Columns on General Purpose Financial Statements

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

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the following funds had deficit Fund Balances:

Special Revenue Funds:

Disadvantaged Pupil Impact Aid	\$154,284
Eisenhower Grant	20,747
Vocational Education	35,625
Drug Free Schools Grant	207

The deficits in the special revenue funds were created by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 3 - ACCOUNTABILITY AND COMPLIANCE (continued)

B. Compliance

Expenditures exceeded appropriations throughout the year in various funds and the following funds had expenditures that exceeded appropriations for the fiscal year ended June 30, 2000:

Fund Type/Fund	Appropriation Authority	Budgetary Expenditures	Excess
General	\$27,153,942	\$29,751,972	(\$2,598,030)
Special Revenue Funds:			
DPIA	\$789,978	\$1,207,424	(\$417,446)
Schools on the Move	\$28,604	\$28,841	(\$237)
Debt Service:			
Bond Retirement	\$3,327,196	\$4,291,701	(\$964,505)
Expendable Trust:			
Historical Gardens	\$0	\$31,224	(\$31,244)

Appropriations exceeded estimated revenue in various funds throughout the fiscal year.

The District did not always issue required prior certifications of funds before expenditures were made.

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING

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

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$718,946	\$492,748	\$962,348	(\$266,859)	\$17,164
Revenue Accruals	(1,560,572)	(1,138,514)	(452,579)	0	50,000
Expenditure Accruals	238,010	310,745	0	(12,164)	(20)
Advances	(697,740)	697,265	0	475	0
Encumbrances	(462,381)	(229,464)	0	(2,733)	(16,239)
Budget Basis	<u>(\$1,763,737)</u>	<u>\$132,780</u>	<u>\$509,769</u>	<u>(\$281,281)</u>	<u>\$50,905</u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 4 - BUDGETARY BASIS OF ACCOUNTING (continued)

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

	Enterprise	Nonexpendable Trust
GAAP Basis	\$137,321	\$27,800
Revenue Accruals	25,479	0
Expense Accruals	(80,180)	0
Capital Outlay	51,372	0
Encumbrances	(143,963)	0
Depreciation Expense	59,586	0
Budget Basis	\$49,615	\$27,800

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.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$3,760,545 and the bank balance was \$5,240,493. Of the bank balance, \$322,973 was covered by federal depository insurance and \$4,917,520 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

Investments: The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments which are held by the counterpart's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. Money market mutual fund investments and investments in deferred compensation are unclassified since they are not evidenced by securities that exist in physical or book entry form.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 5 - DEPOSITS AND INVESTMENTS (continued)

	Category 2	Carrying/ Fair Value
Money Market Mutual Funds	\$0	\$1,955
Deferred Compensation	0	22,196
Federal Home Loan Bank Bonds	796,580	796,580
Federal Home Loan Mortgage Bonds	396,480	396,480
Federal National Mortgage Association Bonds	1,188,305	1,188,305
	\$2,381,367	\$2,405,516

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$6,143,865	\$22,196
Investments:		
Mutual Funds	(1,955)	1,955
Federal Home Loan Bank Bonds	(796,580)	796,580
Federal Home Loan Mortgage Corporation Bonds	(396,480)	396,480
Federal National Mortgage Association Bonds	(1,188,305)	1,188,305
GASB Statement No. 3	\$3,760,545	\$2,405,516

NOTE 6 - PROPERTY TAXES

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6 - PROPERTY TAXES (continued)

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) are for calendar 2000 taxes.

2000 real property taxes are levied after April 1, 2000, on the assessed value as of January 1, 2000, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 1999, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

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

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

The assessed values upon which fiscal year 2000 taxes were collected are:

	1999 First- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$241,397,380	40.87%	\$243,454,480	41.86%
Public Utility	322,137,020	54.54%	312,989,380	53.82%
Tangible Personal Property	27,126,320	4.59%	25,153,240	4.32%
Total Assessed Value	<u>\$590,660,720</u>	<u>100.00%</u>	<u>\$581,597,100</u>	<u>100.00%</u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 6- PROPERTY TAXES (continued)

Tax rate per \$1,000 of assessed valuation	\$32.47	\$32.47
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The School District receives property taxes from Adams and Highland Counties. The County Auditors periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2001 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. 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, 2000, was \$1,905,470 in the general fund and \$554,865 in the debt service fund.

NOTE 7 - RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, tuition, billings for user charged services, and student fees), interfund, interest 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 principle items of intergovernmental receivables follows:

<i>General Fund</i>	
Driver's Education	\$4,450
Customer Services	25,788
Total General Fund	30,238
<i>Special Revenue Fund</i>	
Other Grant	1,900
Young Adult Farmers	486
Alternative School	82,500
Eisenhower	14,180
Title VI-B	166,568

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 7 - RECEIVABLES (continued)

Title I	852,965
Title VI	10,505
Preventive Health Block Grant	849
Telecommunications Act Grant	27,552
Regional Infrastructure Development	69,658
Total Special Revenue Fund	<u>1,227,163</u>
<i>Enterprise Fund</i>	
Food Services	<u>108,316</u>
Total Intergovernmental Receivables	<u><u>\$1,365,717</u></u>

NOTE 8 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$1,185,774
Less Accumulated Depreciation	<u>(484,676)</u>
Net Fixed Assets	<u><u>\$701,098</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

Asset Category	Restated Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$4,473,533	\$205,281	\$0	\$4,678,814
Buildings and Improvements	55,141,215	153,537	0	55,294,752
Furniture, Fixtures and Equipment	5,544,230	727,931	62,110	6,210,051
Vehicles	1,919,631	755,046	0	2,674,677
Infrastructure	0	0	0	0
Educational Media	<u>2,102,715</u>	<u>0</u>	<u>0</u>	<u>2,102,715</u>
Totals	<u><u>\$69,181,324</u></u>	<u><u>\$1,841,795</u></u>	<u><u>\$62,110</u></u>	70,961,009
Accumulated Depreciation				<u>(14,745,853)</u>
Total General Fixed Assets				<u><u>\$56,215,156</u></u>

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 9 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Indiana Insurance for property, inland marine coverage and fleet insurance. Liability insurance was provided by Nationwide / Wausau Insurance. Coverage provided by the insurance companies is as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$102,058,120
Inland Marine Coverage (\$250 deductible)	2,969,175
Crime Insurance	87,000
Automobile Liability (\$1,000 deductible)	1,000,000
Uninsured Motorists (\$1,000 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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

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

NOTE 10 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's contributions for pension

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 10 - DEFINED BENEFIT PENSION PLANS (continued)

obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$190,268, \$238,983 and \$365,238, respectively; 39.53 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$115,050 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$919,059, \$745,792 and \$1,407,809, respectively; 83.19 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$154,519 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, one member of the Board of Education has 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-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 11 - POSTEMPLOYMENT BENEFITS (continued)

premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$1,225,412 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.50 percent of covered payroll, an increase from 6.30 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$352,335.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS has approximately 51,000 participants currently receiving health care benefits.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

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

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

B. Insurance Benefits

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

C. Deferred Compensation

School District employees participate in a statewide deferred compensation plan that 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.

School District employees also participate in another deferred compensation plan which has not established a trust agreement and therefore, the assets are still held in a fiduciary capacity. Therefore, an agency fund has been established to account for these monies as prescribed by Governmental Accounting Standards Board Statement No. 2 "Financial Reporting of Deferred Compensation Plans Adopted Under the Provisions of Internal Revenue Code Section 457". As of June 30, 2000, the amount on deposit was \$22,196.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 12 - EMPLOYEE BENEFITS (continued)

D. Perfect / Excellent Attendance Incentive

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

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

NOTE 13 - LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
EPA Asbestos Loan 1987 0%	\$132,029	\$0	\$17,616	\$114,413
Energy Conservation Loan 1994 4.91%	870,000	0	870,000	0
Energy Conservation Loan 1999 4.33%	0	870,000	174,000	696,000
School Improvement Bonds 1995 4.55% - 5.25%	40,850,000	0	700,000	40,150,000
School Improvement Bonds 1998 4.87%	270,000	0	30,000	240,000
Total Long - Term Loans and Bonds	42,122,029	870,000	1,791,616	41,200,413
Compensated Absences	2,238,869	0	2,943	2,235,926
Intergovernmental Payable-Pension Obligation	200,572	230,395	200,572	230,395
Total General Long-Term Obligations	\$44,561,470	\$1,100,395	\$1,995,131	\$43,666,734

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

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

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

Energy Conservation Loan - On July 11, 1994, Adams County/Ohio Valley School District issued \$1,740,000 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The bonds were retired from the debt service fund during the fiscal year.

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

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

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

The School District's overall legal debt margin was \$14,345,534 with an unvoted debt margin of \$581,597 at June 30, 2000.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 13 - LONG-TERM OBLIGATIONS (Continued)

Principal and interest requirements to retire general obligation debt, including loans outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$957,116	\$2,376,761	\$3,333,877
2002	1,021,616	2,333,082	3,354,698
2003	1,121,616	2,282,412	3,404,028
2004	1,221,616	2,217,915	3,439,531
2005	1,062,116	2,145,267	3,207,383
2006-2010	6,516,331	9,691,131	16,207,462
2011-2015	9,600,000	7,171,500	16,771,500
2016-2020	13,200,000	3,534,563	16,734,563
2021-2022	6,500,000	346,500	6,846,500
Total	<u>\$41,200,411</u>	<u>\$32,099,131</u>	<u>\$73,299,542</u>

NOTE 14 - INTERFUND ACTIVITY

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivable	Payable
General Fund	<u>\$1,066,151</u>	<u>\$0</u>
Special Revenue Funds:		
Public School Support	0	4,533
T. O. P. S. Grant	0	1,917
Ohio Reads Grant	0	6,572
Alternative School	0	38,257
Eisenhower Grant	0	40,963

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 14 - INTERFUND ACTIVITY (continued)

Title VI-B	0	166,568
Carl Perkins	0	36,150
Title I	0	622,257
Preventative Health/Safe Playgrounds	0	4,914
Other Federal Grants	0	143,545
	0	1,065,676
Capital Projects Fund:		
ARC: Entrepreneurial Grant	0	475
	0	475
Total All Funds	\$1,066,151	\$1,066,151

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS

A. South Cental Ohio Computer Association (SCOCA)

The School District is a participant in the South Central Ohio Computer Association (SCOCA), which is a computer consortium. SCOCA is an association of public school districts within the boundaries of Adams, Brown, Highland, Pike, Ross, Scioto, Vinton, Jackson, and Lawrence Counties. The organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the participating counties, two representatives of the school treasurers, plus the fiscal agent. The School District paid SCOCA \$37,132 for services provided during the year. Financial information can be obtained from their fiscal agent, Tonya Cooper who serves as Treasurer, at the Pike County Joint Vocational School, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

B. Hopewell Special Education Regional Resource Center (Hopewell)

The Hopewell Special Education Regional Resource Center (Hopewell) is a jointly governed organization created by the Ohio Department of Education at the request of the participating school districts to offer direct and related services to low incidence handicapped students of the region. Seventeen local, city, and exempted village school districts receive services from Hopewell. Hopewell is operated under regulations and policies established by the Ohio Department of Education, and its own governing board. The governing board is made up of superintendents from the seventeen school districts, plus a representative from the county board of education, a representative from the board of mental retardation and developmental disabilities, two joint vocational school superintendents and five parents of handicapped children living in the region. The

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS (Continued)

Clinton-Fayette-Highland Educational Service District acts as fiscal agent. Hopewell receives funding from the contracts with each of the member school districts and Federal and State grants. To obtain financial information write to Hopewell at the Clinton-Fayette-Highland Educational Service District, 62 Laurel Dr., Wilmington, Ohio 45177.

NOTE 16 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$10,346,975 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Reserve Balance as of June 30, 1999	\$0	\$6,638	\$553,930
Current Year Set-aside Requirement	541,307	541,307	180,436
Current Year Offsets	0	0	(367,868)
Qualifying Disbursements	<u>(969,898)</u>	<u>(1,058,465)</u>	<u>0</u>
Set-aside Reserve Balance as of June 30, 2000	<u>\$0</u>	<u>\$0</u>	<u>\$366,498</u>
Set-aside Balance Carried Forward to Future Years	<u>(\$428,591)</u>		<u>\$366,498</u>

Although the School District had qualifying disbursements during the fiscal year that reduced the textbook and capital acquisition set-aside amounts to below zero, only the amount for the textbook set-aside may be used to reduce the set-aside requirement of future years. The capital acquisition negative amount is therefore not presented as being carried forward to the next fiscal year. The total reserve balance for the three set-asides at the end of the fiscal year was \$366,498.

Adams County/Ohio Valley School District
Adams County

Notes to the General-Purpose Financial Statements
For the Fiscal Year Ended June 30, 2000
(Continued)

NOTE 18 - RESTATEMENT OF FUND BALANCE/RETAINED EARNINGS AND ACCOUNT GROUP BALANCES

Fixed assets were restated in the enterprise fund and the general fixed assets account group at June 30, 1999. Interfund receivables were understated in the general fund and interfund payables were overstated in the special revenue funds. These corrections resulted in the following restatement of beginning fund balances:

	<u>Amount at 6/30/99</u>	<u>Restated Amount</u>
Enterprise Fund	\$979,727	\$613,353
General Fixed Assets Account Group	67,059,300	69,181,324
General Fund	1,410,399	1,445,222
Special Revenue Funds	525,950	491,127

NOTE 19 - 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, 2000.

B. Litigation

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

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Food Distribution Program	N/A	10.550	\$0	\$118,688	\$0	\$120,358
Child Nutrition Cluster:						
School Breakfast Program	05-PU-99	10.553	47,222	0	47,222	0
	05-PU-00	10.553	112,904	0	112,904	0
Total School Breakfast Program			160,126	0	160,126	0
National School Lunch Program	03-PU-99	10.555	27,709	0	27,709	0
	03-PU-00	10.555	76,223	0	76,223	0
	04-PU-99	10.555	148,306	0	148,306	0
	04-PU-00	10.555	392,982	0	392,982	0
Total National School Lunch Program			645,220	0	645,220	0
Total U.S. Department of Agriculture			805,346	118,688	805,346	120,358
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title 1 Grants to Local Educational Agencies	C1-S1-98	84.010	0	0	11,619	0
	C1-S1-99	84.010	0	0	500,183	0
	C1-S1-00	84.010	1,488,584	0	1,222,544	0
Total Title 1			1,488,584	0	1,734,346	0
Special Education Cluster:						
Special Education - Grants to States	6B-PM-99	84.027	10,000	0	13,825	0
	6B-PM-00	84.027	25,000	0	21,170	0
	6B-SF-00	84.027	210,360	0	180,078	0
	6B-SX-99	84.027	0	0	148,416	0
	6B-SX-00	84.027	50,000	0	43,471	0
Total Special Education			295,360	0	406,960	0
Special Education Preschool Grants	PG-S1-99	84.173	0	0	79	0
	PG-S1-00	84.173	17,704	0	12,125	0
Total Special Education Preschool Grants			17,704	0	12,204	0
Total Special Education Cluster			313,064	0	419,164	0
Vocational Educational Basic Grants to States	20-C1-99	84.048	17,176	0	2,019	0
	20-C1-00	84.048	129,429	0	128,804	0
Total Vocational Education			146,605	0	130,823	0
Safe and Drug -Free Schools and Communities-State Grants	DR-S1-99	84.186	19,621	0	8,677	0
	DR-S1-00	84.186	6,913	0	5,290	0
Total Drug-Free Schools			26,534	0	13,967	0
Goals 2000-State and Local Education Performance Incentive	G2-S1-00	84.276	42,975	0	5,811	0
Continuos Improvement	G2-S2-99	84.276	114,500	0	44,279	0
Family Involvement	G2-S8-99	84.276	3,000	0	2,417	0
Family Involvement	G2-S5-98	84.276	0	0	668	0
Total Goals 2000			160,475	0	53,175	0
Eisenhower Professional Development State Grants	MS-S1-00	84.281	11,196	0	6,766	0
	MS-S1-99	84.281	0	0	28,752	0
	MS-S1-98	84.281	0	0	13,859	0
Total Eisenhower Professional Grants			11,196	0	56,143	0

(continued)

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

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

FEDERAL GRANTOR Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Innovative Educational Program Strategies	C2-S1-98	84.298	0	0	516	0
	C2-S1-99	84.298	0	0	11,762	0
	C2-S1-00	84.298	10,505	0	8,096	0
Total Innovative Educational Strategies			10,505	0	20,374	0
Technology Literacy Challenge	TF-31-00	84.318	27,000	0	26,987	0
Reading Excellence Tutorial Program	RN-S2-00	84.338	13,096	0	0	0
Class Size Reduction	CR-S1-00	84.340	62,373	0	148,499	0
Total U.S.Department of Education			2,259,432	0	2,603,478	0
U.S. DEPARTMENT OF LABOR						
<i>Passed Through Region 7 School To Work Jackson City School District -Fiscal Agent</i>						
School To Work		17.249	13,000	0	9,521	0
		17.249	12,665	0	11,825	0
<i>Passed Through Ohio Department of Education:</i>						
School To Work		17.249	60,338	0	54,093	0
		17.249	1,665	0	817	0
		17.249	0	0	27,300	0
		17.249	0	0	64	0
		17.249	0	0	597	0
Total U.S.Department of Labor			87,668	0	104,217	0
APPALACHIAN REGIONAL COMMISSION						
<i>Passed Through Ky Science and Technology Council Inc.:</i>						
Appalachian Regional Dvelopment		23.001	16,407	0	10,137	0
		23.001	15,820	0	21,160	0
Total Appalachian Regional Development			32,227	0	31,297	0
Appalachian State Research, Technical Assistance		23.011	0		5,295	0
Total Appalachian Regional Commission			32,227	0	36,592	0
U. S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Health:</i>						
Preventive Health and Health Services		93.991	3,750	0	1,110	0
		93.991	2,500	0	9,200	0
		93.991	0	0	760	0
			6,250	0	11,070	0
Medical Assistance		93.778	89,676	0	89,676	0
Total U.S. Department of Health and Human Services			95,926	0	100,746	0
U. S. ENVIRONMENTAL PROTECTION AGENCY						
Toxic Substances Compliance Monitoring Cooperative		66.701	0	0	17,612	0
TOTAL FEDERAL ASSISTANCE			\$3,280,599	\$118,688	\$3,667,991	\$120,358

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

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - NUTRITION CLUSTER

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had an insignificant amount of food commodities in their inventory.

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REPORT ON COMPLIANCE AND ON INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS

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

To the Board of Education:

We have audited the financial statements of the Adams County/Ohio Valley School District, Adams County, Ohio (the District), as of and for the fiscal year ended June 30, 2000, and have issued our report thereon dated February 7, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-10401-001 through 2000-10401-003.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted 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 District's ability to record, process, summarize and report financial data consistent with assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-10401-004.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 7, 2001.

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

Jim Petro
Auditor of State

February 7, 2001



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

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

To the Board of Education:

Compliance

We have audited the compliance of Adams County/Ohio Valley School District, Adams County, Ohio (the District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the fiscal year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the fiscal year ended June 30, 2000.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

February 7, 2001

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

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I Grants to Local Education Agencies - CFDA #84.010, Class Size Reduction- CFDA #84.340, Special Education-Preschool Grants - CFDA #84.027 & 84.173
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A > \$300,000 Type B - all other programs
(d)(1)(ix)	Low Risk Auditee?	Yes

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

FINDING NUMBER 2000-10401-001

Noncompliance Citation - Expenditures in Excess of Appropriations

Ohio Rev. Code, Section 5705.41(B), states that no subdivision shall make any expenditure of money unless it has been appropriated. Expenditures exceeded appropriations at the legal level of control throughout the audit period in various funds. Additionally, the District had expenditures in excess of appropriations at June 30, 2000, in the following funds: General \$2,598,030, Disadvantage Pupil Impact Aid \$417,446, Schools on the Move \$237, Bond Retirement \$964,505, and Historical Gardens \$31,224.

FINDING NUMBER 2000-104301-002

Noncompliance Citation - Appropriations in Excess of Estimated Revenue

Ohio Rev. Code, Section 5705.39, states that total appropriations from each fund shall not exceed the total estimated revenue available for expenditures therefrom, as certified by the budget commission, or in case of appeal, by the board of tax appeals. Total fund appropriations exceeded total fund estimated revenues at various times throughout the audit period. For example:

<u>Date</u>	<u>Fund</u>	<u>Total Appropriations</u>	<u>Total Estimated Revenues</u>	<u>Variance</u>
December 31, 2000	Athletic Fund	\$148,633	\$145,670	(\$2,963)
	School Net Fund	\$155,812	\$142,965	(\$12,847)
	Food Service Fund	\$2,801,265	\$1,989,865	(\$811,400)
March 31, 2000	Public Support Fund	\$140,129	\$106,268	(\$33,861)
	Athletic Fund	\$192,604	\$150,170	(\$42,434)
	School Net Fund	\$155,812	\$142,965	(\$12,847)
	Food Service Fund	\$2,804,004	\$1,989,865	(\$814,139)
May 31, 2000	Public Support Fund	\$143,332	\$108,930	(\$34,402)
	Athletic Fund	\$205,632	\$159,750	(\$45,882)
	School Net Fund	\$155,812	\$142,965	(\$12,847)
	Food Service Fund	\$2,804,004	\$2,014,081	(\$789,923)

FINDING NUMBER 2000-10401-003

Noncompliance Citation - Prior Certification of Funds

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

This Section also provides for two exceptions to the above requirements:

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

The District did not certify the availability of funds before making expenditures in 18% of the transactions tested.

FINDING NUMBER 2000-10401-004

Internal Control Reportable Condition - Budgetary Statements

Recording appropriation changes and estimated revenue from the official amended certificates on the Districts accounting system are key controls in the accounting function. When budgetary changes have not been recorded to the accounting system the accounting system is no longer an effective tool for monitoring budgetary expenditures verses appropriations and appropriations verses estimated revenue. Furthermore, monthly reports provided to the Board which detail budget versus actual numbers do not reflect the District's legally adopted appropriations and estimated revenue. This could lead to expenditures being made in excess of appropriations and appropriations in excess of estimated revenue. We recommend the District record all budgetary changes approved by the Board of Education to the Districts accounting system.

3. FINDINGS FOR FEDERAL AWARDS

None



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OFFICE OF THE AUDITOR

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ADAMS COUNTY / OHIO VALLEY SCHOOL DISTRICT

ADAMS COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 6, 2001**