



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

**SINGLE AUDIT**

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Adams County/Ohio Valley School District, Adams County, Ohio (the District) as of and for the fiscal year ended June 30, 1999 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 Adams County/Ohio Valley School District, Adams County, Ohio, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

As more fully described in Note 18 to the general purpose financial statements, the District has implemented Statement No. 32 "*Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*". This statement establishes accounting and reporting guidelines for deferred compensation plans.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 20, 2000, 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.

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 receipts and 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

March 20, 2000

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*Adams County/Ohio Valley School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Assets and Other Debits:</u></b>				
<b><u>Assets:</u></b>				
Equity in Pooled Cash and Cash Equivalents	\$2,235,546	\$976,613	\$1,327,161	\$313,886
Receivables:				
Taxes	13,981,777	0	2,740,926	0
Accounts	19,866	692	0	0
Intergovernmental	20,766	88,649	0	0
Accrued Interest	15,156	0	0	0
Interfund Receivable	333,587	0	0	0
Prepaid Items	39,945	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	96,845	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	742,135	0	0	0
Funds on Deposit with Deferred Compensation Boards	0	0	0	0
Fixed Assets (Net of Accumulated Depreciation)	0	0	0	0
<b><u>Other Debits:</u></b>				
Amount Available in Debt Service Fund for 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>\$17,485,623</u>	<u>\$1,065,954</u>	<u>\$4,068,087</u>	<u>\$313,886</u>



Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$811,399	\$153,254	\$0	\$0	\$5,817,859
0	0	0	0	16,722,703
0	0	0	0	20,558
133,435	0	0	0	242,850
0	200	0	0	15,356
0	0	0	0	333,587
0	0	0	0	39,945
21,120	0	0	0	21,120
9,782	0	0	0	106,627
0	0	0	0	742,135
0	18,623	0	0	18,623
1,073,046	0	54,386,693	0	55,459,739
0	0	0	1,429,445	1,429,445
0	0	0	43,132,025	43,132,025
<u>\$2,048,782</u>	<u>\$172,077</u>	<u>\$54,386,693</u>	<u>\$44,561,470</u>	<u>\$124,102,572</u>

(continued)

*Adams County/Ohio Valley School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 1999*

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<b><u>Liabilities:</u></b>				
<b><u>Fund Equity and Other Credits:</u></b>				
<b><u>Liabilities:</u></b>				
Accounts Payable	\$79,568	\$56,694	\$0	\$4,718
Accrued Wages and Benefits	1,899,249	102,260	0	5,378
Compensated Absences Payable	64,477	0	0	0
Interfund Payable	0	333,587	0	0
Intergovernmental Payable	430,693	47,463	0	2,124
Deferred Revenue	13,601,237	0	2,638,642	0
Undistributed Monies	0	0	0	0
Deferred Compensation Payable	0	0	0	0
EPA Asbestos Loan Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>16,075,224</b>	<b>540,004</b>	<b>2,638,642</b>	<b>12,220</b>
<b><u>Fund Equity and Other Credits:</u></b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	768,462	115,972	0	129,974
Reserved for Inventory	96,845	0	0	0
Reserved for Property Taxes	380,540	0	102,284	0
Reserved for Capital Acquisition	6,638	0	0	0
Reserved for Budget Stabilization	553,930	0	0	0
Reserved for School Bus Purchases	181,567	0	0	0
Unreserved:				
Designated for Education/Instructional Materials	182,948	0	0	0
Designated for Capital Acquisitions	269,527	0	0	0
Undesignated (Deficit)	(1,030,058)	409,978	1,327,161	171,692
<b>Total Fund Equity and Other Credits</b>	<b>1,410,399</b>	<b>525,950</b>	<b>1,429,445</b>	<b>301,666</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$17,485,623</b>	<b>\$1,065,954</b>	<b>\$4,068,087</b>	<b>\$313,886</b>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$20	\$0	\$0	\$141,000
68,637	0	0	0	2,075,524
44,984	0	0	2,238,869	2,348,330
0	0	0	0	333,587
45,571	0	0	200,572	726,423
7,681	0	0	0	16,247,560
0	120,413	0	0	120,413
0	18,623	0	0	18,623
0	0	0	132,029	132,029
0	0	0	870,000	870,000
0	0	0	41,120,000	41,120,000
<u>166,873</u>	<u>139,056</u>	<u>0</u>	<u>44,561,470</u>	<u>64,133,489</u>
0	0	54,386,693	0	54,386,693
902,182	0	0	0	902,182
979,727	0	0	0	979,727
0	0	0	0	1,014,408
0	0	0	0	96,845
0	0	0	0	482,824
0	0	0	0	6,638
0	0	0	0	553,930
0	0	0	0	181,567
0	0	0	0	182,948
0	0	0	0	269,527
0	33,021	0	0	911,794
<u>1,881,909</u>	<u>33,021</u>	<u>54,386,693</u>	<u>0</u>	<u>59,969,083</u>
<u>\$2,048,782</u>	<u>\$172,077</u>	<u>\$54,386,693</u>	<u>\$44,561,470</u>	<u>\$124,102,572</u>

*Adams County/Ohio Valley School District  
 Combined Statement of Revenues, Expenditures  
 and Changes in Fund Balances  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999*

	Governmental Fund Types			Capital Projects	Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service		Expendable Trust	
<b><u>Revenues:</u></b>						
Property Taxes	\$13,347,660	\$0	\$3,640,162	\$0	\$0	\$16,987,822
Intergovernmental	11,589,684	3,791,837	161,129	4,267	0	15,546,917
Interest	350,424	0	0	1,871	0	352,295
Tuition and Fees	36,701	4,720	0	0	0	41,421
Rent	15,279	0	0	0	0	15,279
Extracurricular Activities	3,988	187,539	0	0	0	191,527
Gifts and Donations	550	59,731	0	0	1,473	61,754
Customer Services	73,845	0	0	0	0	73,845
Miscellaneous	38,244	52,081	0	0	1,532	91,857
<b>Total Revenues</b>	<b>25,456,375</b>	<b>4,095,908</b>	<b>3,801,291</b>	<b>6,138</b>	<b>3,005</b>	<b>33,362,717</b>
<b><u>Expenditures:</u></b>						
Current:						
Instruction:						
Regular	10,017,083	1,728,001	0	0	0	11,745,084
Special	2,290,140	1,321,591	0	0	0	3,611,731
Vocational	1,579,533	180,187	0	0	0	1,759,720
Adult/Continuing	2,842	496	0	0	0	3,338
Other	14,972	0	0	0	0	14,972
Support Services:						
Pupils	939,064	155,165	0	0	0	1,094,229
Instructional Staff	801,644	680,708	0	0	0	1,482,352
Board of Education	378,965	0	0	0	0	378,965
Administration	1,938,393	126,273	0	0	0	2,064,666
Fiscal	751,394	23,494	74,416	0	183	849,487
Business	156,356	0	0	0	0	156,356
Operation and Maintenance of Plant	2,823,026	45,368	0	0	0	2,868,394
Pupil Transportation	1,520,217	5,231	0	0	0	1,525,448
Central	53,572	13,195	0	0	0	66,767
Non-Instructional Services	20,465	671	0	0	5,149	26,285
Extracurricular Activities	183,332	176,613	0	0	0	359,945
Capital Outlay	38,595	16,029	0	961,059	0	1,015,683
Intergovernmental	0	48,873	0	0	0	48,873
Debt Service:						
Principal Retirement	0	0	821,616	0	0	821,616
Interest and Fiscal Charges	0	0	2,462,806	0	0	2,462,806
<b>Total Expenditures</b>	<b>23,509,593</b>	<b>4,521,895</b>	<b>3,358,838</b>	<b>961,059</b>	<b>5,332</b>	<b>32,356,717</b>
Excess of Revenues Over (Under) Expenditures	1,946,782	(425,987)	442,453	(954,921)	(2,327)	1,006,000
<b><u>Other Financing Sources (Uses):</u></b>						
Operating Transfers In	107,936	104,262	0	0	0	212,198
Proceeds from Sale of Bonds	0	0	0	300,000	0	300,000
Operating Transfers Out	(104,262)	(107,936)	0	0	0	(212,198)
<b>Total Other Financing Sources (Uses)</b>	<b>3,674</b>	<b>(3,674)</b>	<b>0</b>	<b>300,000</b>	<b>0</b>	<b>300,000</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,950,456	(429,661)	442,453	(654,921)	(2,327)	1,306,000
Fund Balances (Deficit) at Beginning of Year	(540,057)	955,611	986,992	956,587	22,224	2,381,357
<b>Fund Balances at End of Year</b>	<b>\$1,410,399</b>	<b>\$525,950</b>	<b>\$1,429,445</b>	<b>\$301,666</b>	<b>\$19,897</b>	<b>\$3,687,357</b>

See accompanying notes to the general purpose financial statements

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*Adams County/Ohio Valley School District  
 Combined Statement of Revenues, Expenditures and  
 Changes in Fund Balances - Budget and Actual (Budget Basis)  
 All Governmental Fund Types and Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 1999*

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Property Taxes	\$13,739,622	\$13,428,061	(\$311,561)	\$0	\$0	\$0
Intergovernmental	12,539,598	11,174,191	(1,365,407)	5,098,144	3,908,818	(1,189,326)
Interest	362,154	362,154	0	0	0	0
Tuition and Fees	36,701	36,701	0	4,720	4,720	0
Rent	15,279	15,279	0	0	0	0
Extracurricular Activities	3,988	3,988	0	211,762	186,810	(24,952)
Gifts and Donations	27,797	550	(27,247)	86,978	59,731	(27,247)
Customer Services	385,406	73,845	(311,561)	0	0	0
Miscellaneous	10,195	10,195	0	58,209	52,081	(6,128)
<b>Total Revenues</b>	<b>27,120,740</b>	<b>25,104,964</b>	<b>(2,015,776)</b>	<b>5,459,813</b>	<b>4,212,160</b>	<b>(1,247,653)</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	10,283,017	10,173,632	109,385	891,734	1,824,764	(933,030)
Special	2,493,481	2,311,735	181,746	1,870,226	1,522,191	348,035
Vocational	1,633,290	1,633,290	0	214,802	192,189	22,613
Adult/Continuing	4,517	4,517	0	496	496	0
Other	4,762	4,762	0	0	0	0
Support Services:						
Pupils	965,613	965,613	0	555,855	170,978	384,877
Instructional Staff	868,981	868,981	0	667,608	686,105	(18,497)
Board of Education	385,457	385,457	0	0	0	0
Administration	2,126,729	2,017,344	109,385	175,017	133,644	41,373
Fiscal	761,195	761,195	0	23,735	23,735	0
Business	157,734	157,734	0	0	0	0
Operation and Maintenance of Plant	3,182,410	2,998,978	183,432	9,815	46,840	(37,025)
Pupil Transportation	1,949,944	1,949,944	0	16,552	5,234	11,318
Central	53,914	53,914	0	11,870	11,870	0
Non-Instructional Services	20,465	20,465	0	85,235	64,850	20,385
Extracurricular Activities	183,919	183,919	0	221,995	183,786	38,209
Capital Outlay	131,031	131,031	0	16,789	16,789	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>25,206,459</b>	<b>24,622,511</b>	<b>583,948</b>	<b>4,761,729</b>	<b>4,883,471</b>	<b>(121,742)</b>
Excess of Revenues Over (Under) Expenditures	1,914,281	482,453	(1,431,828)	698,084	(671,311)	(1,369,395)
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Bonds	0	0	0	0	0	0
Refund of Prior Year Expenditures	486,970	486,970	0	0	0	0
Refund of Prior Year Receipts	0	0	0	(412)	(412)	0
Advances In	262,186	262,186	0	333,587	333,587	0
Advances Out	(356,404)	(356,404)	0	(239,369)	(239,369)	0
Operating Transfers In	107,936	107,936	0	55,728	104,992	49,264
Operating Transfers Out	(104,262)	(104,262)	0	(91,727)	(107,936)	(16,209)
Other Financing Sources	0	0	0	23,000	23,000	0
<b>Total Other Financing Sources (Uses)</b>	<b>396,426</b>	<b>396,426</b>	<b>0</b>	<b>80,807</b>	<b>113,862</b>	<b>33,055</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,310,707	878,879	(1,431,828)	778,891	(557,449)	(1,336,340)
Fund Balances at						
Beginning of Year	880,498	880,498	0	1,213,502	1,213,502	0
Prior Year Encumbrances Appropriated	397,068	397,068	0	170,343	170,343	0
<b>Fund Balances at End of Year</b>	<b>\$3,588,273</b>	<b>\$2,156,445</b>	<b>(\$1,431,828)</b>	<b>\$2,162,736</b>	<b>\$826,396</b>	<b>(\$1,336,340)</b>

See accompanying notes to the general purpose financial statements

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$3,421,500	\$3,653,707	\$232,207	\$0	\$0	\$0	\$0	\$0	\$0
161,129	161,129	0	151,974	74,477	(77,497)	0	0	0
0	0	0	1,358	1,871	513	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	10,863	1,473	(9,390)
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
<u>3,582,629</u>	<u>3,814,836</u>	<u>232,207</u>	<u>153,332</u>	<u>76,348</u>	<u>(76,984)</u>	<u>10,863</u>	<u>1,473</u>	<u>(9,390)</u>
0	0	0	535,220	374,786	160,434	0	0	0
0	0	0	36,545	36,545	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	16,527	16,527	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	1,561	1,561	0	0	0	0
74,416	74,416	0	25	25	0	183	183	0
0	0	0	0	0	0	0	0	0
0	0	0	375,711	283,382	92,329	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	27,035	5,084	21,951
0	0	0	0	0	0	0	0	0
0	0	0	450,278	449,594	684	0	0	0
821,616	821,616	0	0	0	0	0	0	0
<u>2,459,122</u>	<u>2,462,806</u>	<u>(3,684)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>3,355,154</u>	<u>3,358,838</u>	<u>(3,684)</u>	<u>1,415,867</u>	<u>1,162,420</u>	<u>253,447</u>	<u>27,218</u>	<u>5,267</u>	<u>21,951</u>
<u>227,475</u>	<u>455,998</u>	<u>228,523</u>	<u>(1,262,535)</u>	<u>(1,086,072)</u>	<u>176,463</u>	<u>(16,355)</u>	<u>(3,794)</u>	<u>12,561</u>
0	0	0	300,000	300,000	0	0	0	0
0	0	0	0	0	0	512	512	0
0	0	0	0	0	0	(45)	(45)	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	0	0	0
0	0	0	0	0	0	1,020	1,020	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>	<u>300,000</u>	<u>0</u>	<u>1,487</u>	<u>1,487</u>	<u>0</u>
227,475	455,998	228,523	(962,535)	(786,072)	176,463	(14,868)	(2,307)	12,561
871,163	871,163	0	885,830	885,830	0	22,081	22,081	0
<u>0</u>	<u>0</u>	<u>0</u>	<u>79,713</u>	<u>79,713</u>	<u>0</u>	<u>143</u>	<u>143</u>	<u>0</u>
<u>\$1,098,638</u>	<u>\$1,327,161</u>	<u>\$228,523</u>	<u>\$3,008</u>	<u>\$179,471</u>	<u>\$176,463</u>	<u>\$7,356</u>	<u>\$19,917</u>	<u>\$12,561</u>

**Adams County/Ohio Valley School District**  
**Statement of Revenues,**  
**Expenses and Changes in Fund Equity**  
**Proprietary Fund Type and Nonexpendable Trust Fund**  
**For the Fiscal Year Ended June 30, 1999**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Operating Revenues:</u></b>			
Sales	\$868,489	\$0	\$868,489
Interest	0	541	541
Contributions and Donations	0	1,154	1,154
Total Operating Revenues	<u>868,489</u>	<u>1,695</u>	<u>870,184</u>
<b><u>Operating Expenses:</u></b>			
Salaries	438,977	0	438,977
Fringe Benefits	202,268	0	202,268
Purchased Services	57,225	0	57,225
Materials and Supplies	62,379	0	62,379
Cost of Sales	701,480	0	701,480
Depreciation	12,820	0	12,820
Other	114,305	640	114,945
Total Operating Expenses	<u>1,589,454</u>	<u>640</u>	<u>1,590,094</u>
Operating Income (Loss)	<u>(720,965)</u>	<u>1,055</u>	<u>(719,910)</u>
<b><u>Non-Operating Revenues:</u></b>			
Interest	29,542	0	29,542
Federal Donated Commodities	126,947	0	126,947
Federal and State Subsidies	891,014	0	891,014
Total Non-Operating Revenues	<u>1,047,503</u>	<u>0</u>	<u>1,047,503</u>
Net Income	326,538	1,055	327,593
Retained Earnings/Fund Balance at Beginning of Year	<u>653,189</u>	<u>12,069</u>	<u>665,258</u>
Retained Earnings/Fund Balance at End of Year	979,727	13,124	992,851
Contributed Capital at Beginning and End of Year	<u>902,182</u>	<u>0</u>	<u>902,182</u>
Total Fund Equity at End of Year	<u><u>\$1,881,909</u></u>	<u><u>\$13,124</u></u>	<u><u>\$1,895,033</u></u>

See accompanying notes to the general purpose financial statements



*Adams County/Ohio Valley School District  
Statement of Revenues, Expenses and  
Changes in Fund Equity - Budget and Actual (Budget Basis)  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Enterprise Fund			Nonexpendable Trust Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b><u>Revenues:</u></b>						
Sales	\$799,554	\$868,489	\$68,935	\$0	\$0	\$0
Federal and State Subsidies	877,967	877,967	0	0	0	0
Interest	29,542	29,542	0	286	562	276
Contributions and Donations	0	0	0	0	1,154	1,154
Total Revenues	<u>1,707,063</u>	<u>1,775,998</u>	<u>68,935</u>	<u>286</u>	<u>1,716</u>	<u>1,430</u>
<b><u>Expenses:</u></b>						
Salaries	498,680	498,680	0	0	0	0
Fringe Benefits	218,702	218,702	0	0	0	0
Purchased Services	82,033	82,033	0	0	0	0
Materials and Supplies	1,144,077	652,204	491,873	0	0	0
Capital Outlay	51,839	51,839	0	0	0	0
Other	114,305	114,305	0	698	640	58
Total Expenses	<u>2,109,636</u>	<u>1,617,763</u>	<u>491,873</u>	<u>698</u>	<u>640</u>	<u>58</u>
Excess of Revenues Over Expenses	(402,573)	158,235	560,808	(412)	1,076	1,488
Fund Equity at Beginning of Year	513,574	513,574	0	11,849	11,849	0
Prior Year Encumbrances Appropriated	<u>59,094</u>	<u>59,094</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Equity at End of Year	<u>\$170,095</u>	<u>\$730,903</u>	<u>\$560,808</u>	<u>\$11,437</u>	<u>\$12,925</u>	<u>\$1,488</u>

See accompanying notes to the general purpose financial statements

*Adams County/Ohio Valley School District  
Statement of Cash Flows  
Proprietary Fund Type and Nonexpendable Trust Fund  
For the Fiscal Year Ended June 30, 1999*

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b><u>Increase (Decrease) in Cash and Cash Equivalents:</u></b>			
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$868,489	\$0	\$868,489
Cash Received from Other Operating Sources	0	1,154	1,154
Cash Payments to Suppliers for Goods and Services	(693,964)	0	(693,964)
Cash Payments to Employees for Services	(498,680)	0	(498,680)
Cash Payments for Employee Benefits	(216,902)	0	(216,902)
Cash Payments for Other Operating Activities	(114,305)	(640)	(114,945)
Net Cash Provided by (Used for) Operating Activities	(655,362)	514	(654,848)
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Federal and State Subsidies Received	877,967	0	877,967
<b><u>Cash Flows from Capital and Related Financing Activities:</u></b>			
Payments for Capital Acquisitions	(13,416)	0	(13,416)
<b><u>Cash Flows from Investing Activities:</u></b>			
Interest on Investments	29,542	562	30,104
Net Increase in Cash and Cash Equivalents	238,731	1,076	239,807
Cash and Cash Equivalents at Beginning of Year	572,668	11,849	584,517
Cash and Cash Equivalents at End of Year	\$811,399	\$12,925	\$824,324
<b><u>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>			
Operating Income (Loss)	(\$720,965)	\$1,055	(\$719,910)
<b><u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</u></b>			
Depreciation	12,820	0	12,820
Donated Commodities Used During Year	126,947	0	126,947
Interest Received by Nonexpendable Trust	0	(541)	(541)
<b><u>Changes in Assets and Liabilities:</u></b>			
Increase in Materials and Supplies Inventory	(1,893)	0	(1,893)
Decrease in Inventory Held for Resale	2,067	0	2,067
Decrease in Accrued Wages and Benefits	(12,934)	0	(12,934)
Decrease in Compensated Absences Payable	(56,115)	0	(56,115)
Decrease in Intergovernmental Payable	(5,289)	0	(5,289)
Total Adjustments	65,603	(541)	65,062
Net Cash Provided by (Used for) Operating Activities	(\$655,362)	\$514	(\$654,848)

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

Cash and Cash Equivalents - All Fiduciary Funds	\$153,254
Cash and Cash Equivalents - Agency Funds	(120,412)
Cash and Cash Equivalents - Expendable Trust Fund	(19,917)
Cash and Cash Equivalents - Nonexpendable Trust Fund	\$12,925

See accompanying notes to the general purpose financial statements

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999

**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 224 non-certificated employees, 396 certificated employees who provide services to 5,407 students and other community members. The School District currently operates 11 instructional buildings, 1 administrative building, and 2 garages and a supply warehouse.

*Reporting Entity:*

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

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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

The following activities are included within the reporting entity:

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

The School District is associated with 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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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

*Governmental Fund Types:*

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

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

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

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

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

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

*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  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(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  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(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, 1999, which are intended to finance fiscal year 2000 operations, and delinquent property taxes, whose availability is indeterminable, 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 types and the nonexpendable trust funds. 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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**C. Budgetary Process**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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. Because the activity of agency funds is not budgeted, transfers-in and transfers-out do not equal on a budgetary basis due to a transfer of \$730 from the student activities agency fund to the public school support special revenue fund

*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 1999.



Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

*Appropriations:*

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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**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 1999, the School District's investments were limited to federal agency securities, U.S. Treasury bonds, money market mutual funds, and certificates of deposit.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as 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 1999 amounted to \$350,424, which includes \$201,971 assigned from other School District funds. The capital projects fund, enterprise fund and nonexpendable trust fund also received interest revenue of \$1,871, \$29,542 and \$541 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 governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of inventory items is recorded as an expenditure in the governmental fund types when purchased. Reported material and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available expendable resources even though it is a component of net current assets. Inventories of proprietary funds consist of donated food 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, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**G. Fixed Assets and Depreciation**

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

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

Property, plant and equipment in the general fixed assets account group and enterprise funds are depreciated. Depreciation is not recorded for governmental funds, but is shown as a reduction of investment in general fixed assets. Depreciation is recorded as an operating expense in the enterprise funds.

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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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
- 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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

*Capital Projects Funds*

School Net Plus

Appalachian Vocational and Other Educational Facilities and Operations

*Reimbursable Grants*

*General Fund*

Driver Education

*Proprietary Funds*

National School Lunch Program

National School Breakfast Program

Government Donated Commodities

*Capital Projects Funds*

Vocational Equipment Grant

*Special Revenue Funds*

Post Secondary Vocational Education

Grants and entitlements received in governmental funds amounted to approximately 46.5 percent of governmental fund revenue during the 1999 fiscal year.

**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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**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.

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 acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 17 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**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 education or instructional materials and capital acquisitions in excess of the statutory required amount.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**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, inventories of supplies and materials, capital acquisition, budget stabilization, property taxes, 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.

**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**

At June 30, 1999, the Effective School Grant, Career Development, Public Preschool, DPIA, Title I, and Drug Free Grant Special Revenue Funds had deficit fund balances of \$4,639, \$4, \$4,694, \$3,899, \$198,760 and \$10,944 respectively. All deficits 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  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 4 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

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



Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$1,950,456	(\$429,661)	\$442,453	(\$654,921)	(\$2,327)
Revenue Accruals	135,559	139,252	13,545	70,210	0
Expenditure Accruals	(292,146)	(211,771)	0	(66,946)	20
Transfers	0	730	0	0	0
Advances	(94,218)	94,218	0	0	0
Encumbrances	(820,772)	(150,217)	0	(134,415)	0
Budget Basis	<u>\$878,879</u>	<u>(\$557,449)</u>	<u>\$455,998</u>	<u>(\$786,072)</u>	<u>(\$2,307)</u>

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

	Enterprise	Nonexpendable Trust
GAAP Basis	\$326,538	\$1,055
Revenue Accruals	(13,047)	21
Expense Accruals	(100,996)	0
Capital Outlay	13,416	0
Encumbrances	(80,496)	0
Depreciation Expense	12,820	0
Budget Basis	<u>\$158,235</u>	<u>\$1,076</u>

**NOTE 5 - DEPOSITS AND INVESTMENTS**

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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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

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

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

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

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

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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

*Deposits:* At fiscal year end, the carrying amount of the School District's deposits was \$1,792,701 and the bank balance was \$3,245,748. Of the bank balance, \$297,962 was covered by federal depository insurance and \$2,947,786 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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

*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.

	Category 2	Fair Value
Money Market Mutual Funds	\$0	\$572,900
Deferred Compensation	0	51,045
Federal Home Loan Bank Bonds	1,095,900	1,095,900
Federal Home Loan Mortgage Bonds	889,580	889,580
Federal National Mortgage Association Bonds	1,465,075	1,465,075
Federal Farm Credit Bank Bonds	496,650	496,650
U.S. Treasury Notes	247,188	247,188
	\$4,194,393	\$4,818,338

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:

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

	Cash and Cash Equivalents/ Deposits	Investments
GASB Statement No. 9	\$6,559,994	\$51,045
Investments:		
Mutual Funds	(572,900)	572,900
Federal Farm Credit Bank Bonds	(496,650)	496,650
Federal Home Loan Bank Bonds	(1,095,900)	1,095,900
Federal Home Loan Mortgage Corporation Bonds	(889,580)	889,580
Federal National Mortgage Association Bonds	(1,465,075)	1,465,075
U.S. Treasury Notes	(247,188)	247,188
GASB Statement No. 3	\$1,792,701	\$4,818,338

**NOTE 6 - PROPERTY TAXES**

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, 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. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. 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 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$203,344,610	37.17%	\$241,397,380	40.87%
Public Utility	321,364,170	58.74%	322,137,020	54.54%
Tangible Personal Property	22,405,917	4.09%	27,126,320	4.59%
Total Assessed Value	<u>\$547,114,697</u>	<u>100.00%</u>	<u>\$590,660,720</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation	\$32.47		\$32.47	

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, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. 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, 1999, was \$380,540 in the general fund and \$102,284 in the debt service fund.

**NOTE 7 - RECEIVABLES**

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, 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	\$1,250
Rent	19,516
Total General Fund	20,766
<i>Special Revenue Fund</i>	
Young Adult Farmers	486
Other Grant	24,726
Title VI-B	58,732
Preventive Health Block Grant	2,500
Telecommunications Act Grant	2,205
Total Special Revenue Fund	88,649
<i>Enterprise Fund</i>	
Food Services	
Federal and State Subsidies	133,435
Total Intergovernmental Receivables	\$242,850

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 8 - FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 1999, follows:

Furniture and Equipment	\$1,437,247
Less Accumulated Depreciation	<u>(364,201)</u>
Net Fixed Assets	<u><u>\$1,073,046</u></u>

A summary of the changes in general fixed assets during fiscal year 1999 follows:

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/99
Land and Improvements	\$5,502,159	\$30,480	\$0	\$5,532,639
Buildings and Improvements	29,745,632	454,960	0	30,200,592
Furniture, Fixtures and Equipment	26,265,603	772,844	0	27,038,447
Vehicles	2,497,596	26,496	0	2,524,092
Infrastructure	269,792	0	0	269,792
Educational Media	<u>1,490,764</u>	<u>2,974</u>	<u>0</u>	<u>1,493,738</u>
Totals	<u><u>\$65,771,546</u></u>	<u><u>\$1,287,754</u></u>	<u><u>\$0</u></u>	67,059,300
Accumulated Depreciation				<u>(12,672,607)</u>
Total General Fixed Assets				<u><u>\$54,386,693</u></u>

**NOTE 9 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, 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)	\$48,205,604
Inland Marine Coverage (\$250 deductible)	1,125,800
Crime Insurance	50,000
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



Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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.

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.

**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 School District 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 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$238,983, \$365,738 and \$366,195, respectively; 41.84 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$138,986 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

For the fiscal year ended June 30, 1999, 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. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$745,792, \$1,407,809 and \$1,538,912, respectively; 81.25 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$139,849 represents the unpaid contribution for fiscal year 1999 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, 1999, 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 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, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$994,389 for fiscal year 1999.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1998, (the latest information available) the balance in the Fund was \$2,156 million. For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 11 - POSTEMPLOYMENT BENEFITS** (continued)

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, 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 1999 fiscal year equaled \$260,131.

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 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

**NOTE 12 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave 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. This 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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

**B. Insurance Benefits**

The School District provides life insurance and accidental death and dismemberment insurance to all employees through Anthem Life. 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.

For fiscal year 1999, the School District implemented *GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"* for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Board. This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

The School District also has 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 generally accepted accounting principles for plans adopted under the provisions of Internal Revenue Code Section 457. As of June 30, 1999, the amount on deposit was \$18,623.

**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		

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 13 - LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
EPA Asbestos Loan 1987 0%	\$149,645	\$0	\$17,616	\$132,029
Energy Conservation Loan 1994 4.91%	1,044,000	0	174,000	870,000
School Improvement Bonds 1995 4.55% - 5.25%	41,450,000	0	600,000	40,850,000
School Improvement Bonds 1998 4.87%	0	300,000	30,000	270,000
Total Long - Term Loans and Bonds	<u>42,643,645</u>	<u>300,000</u>	<u>821,616</u>	<u>42,122,029</u>
Compensated Absences	2,047,835	191,034	0	2,238,869
Intergovernmental Payable-(Pension Obligation)	224,469	200,572	224,469	200,572
Total General Long-Term Obligations	<u><u>\$44,915,949</u></u>	<u><u>\$691,606</u></u>	<u><u>\$1,046,085</u></u>	<u><u>\$44,561,470</u></u>

*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 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.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

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

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 \$13,738,910 with an unvoted debt margin of \$290,661 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2000	\$1,617,616	\$2,430,270	\$4,047,886
2001	797,616	2,351,972	3,149,588
2002	847,616	2,313,297	3,160,913
2003	947,617	2,270,162	3,217,779
2004	1,047,616	2,213,193	3,260,809
2005-2009	6,063,948	10,046,473	16,110,421
2010-2014	8,850,000	7,806,375	16,656,375
2015-2019	12,500,000	4,270,875	16,770,875
2020-2022	9,450,000	765,187	10,215,187
Total	<u>\$42,122,029</u>	<u>\$34,467,804</u>	<u>\$76,589,833</u>

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 14 - INTERFUND ACTIVITY**

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

<u>Fund Type/Fund</u>	<u>Receivable</u>	<u>Payable</u>
<b>General Fund</b>	<u>\$333,587</u>	<u>\$0</u>
<b>Special Revenue Funds:</b>		
Public School Support	0	1,979
Other Grant	0	977
Venture Capital	0	722
Auxiliary Service	0	11,363
Professional Development	0	2,316
Eisenhower Grant	0	12,173
Title VI-B	0	78,622
Carl Perkins	0	50,568
Title I	0	140,059
Drug Free Grant	0	10,944
Other Federal Grants	0	23,864
Total Special Revenue Funds	<u>0</u>	<u>333,587</u>
Total All Funds	<u><u>\$333,587</u></u>	<u><u>\$333,587</u></u>

**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, 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 eight participating counties, two representatives of the school treasurers, plus a representative of the fiscal agent. The School District paid SCOCA \$25,681 for service provided during the fiscal year. Financial information can be obtained from the fiscal agent, the Pike County Joint Vocational School, P.O. Box 577, 175 Beaver Creek Rd., Piketon, Ohio, 45661.

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 15 - JOINTLY GOVERNED ORGANIZATIONS** (Continued)

**B. Hopewell Special Education Regional Resource Center (Hopewell)**

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

**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 that 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, 1999, the School District received \$10,237,088 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**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



Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)**

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 School District also receives grant monies for school bus purchases. The balance of this grant at year end is shown as a reserve for school bus purchases.

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.

**Reserved Fund Balances**

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$383,899	\$383,899
Current Year Set-aside Requirement	340,061	340,061	170,031	850,153
Current Year Offsets	(72,784)	0	0	(72,784)
Qualifying Disbursements	(810,189)	(333,423)	0	(1,143,612)
Total	<u>(\$542,912)</u>	<u>\$6,638</u>	<u>\$553,930</u>	<u>\$17,656</u>
Set-aside Cash Balance as of June 30, 1999	<u>\$0</u>	<u>\$6,638</u>	<u>\$553,930</u>	\$560,568
Amount restricted for school bus purchases				<u>\$181,567</u>
Total Restricted Assets				<u>\$742,135</u>

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

**Designated Fund Balances**

	<u>Education Materials</u>	<u>Capital Acquisition</u>	<u>Totals</u>
Additional Money Set Aside as of 6/30/99	<u>\$182,948</u>	<u>\$269,527</u>	<u>\$452,475</u>

Adams County/Ohio Valley School District  
Notes to the General-Purpose Financial Statements  
For the Fiscal Year Ended June 30, 1999  
(Continued)

**NOTE 17 - SET-ASIDE CALCULATIONS AND FUND RESERVES** (Continued)

The School District also set aside additional money in excess of statutory requirements for education or instructional materials and capital acquisitions. These amounts are presented on the balance sheet as a designation of fund balance rather than as a reserve and are, therefore, not included in restricted assets.

**NOTE 18 – CHANGE IN ACCOUNTING PRINCIPLE**

For fiscal year 1999, the School District implemented *GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"* for its deferred compensation plan through the Ohio Public Employees Deferred Compensation Board. This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

**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, 1999.

**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.

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Passed Through Ohio Department of Education:</i>						
<i>Child Nutrition Cluster:</i>						
Food Distribution Program	N/A	10.550	\$0	\$119,988	\$0	\$126,709
National School Breakfast	05-PU-98	10.553	41,727	0	41,727	0
	05-PU-99	10.553	118,699	0	118,699	0
			<u>160,426</u>	<u>0</u>	<u>160,426</u>	<u>0</u>
National School Lunch	03-PU-98	10.555	25,481	0	25,481	0
	03-PU-99	10.555	73,728	0	73,728	0
	04-PU-98	10.555	141,549	0	141,549	0
	04-PU-99	10.555	410,669	0	410,669	0
			<u>651,427</u>	<u>0</u>	<u>651,427</u>	<u>0</u>
Total U.S. Department of Agriculture - Nutrition Cluster			811,853	119,988	811,853	126,709
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Direct from Federal Government:</i>						
Telecommunications Act Grant	N/A	84.000	37,025	0	37,025	0
<i>Passed Through Ohio Department of Education:</i>						
<i>Special Education Cluster:</i>						
<i>Special Education Grants to States (IDEA Part B)</i>						
	6B-SF-97	84.027	0	0	0	0
	6B-SF-98	84.027	71,388	0	89,540	0
	6B-SX-99	84.027	50,000	0	0	0
	6B-PM-99	84.027	15,000	0	11,175	0
			<u>136,388</u>	<u>0</u>	<u>100,715</u>	<u>0</u>
Special Education Preschool Grants	PG-S6-98	84.173	18,759	0	18,680	0
Total Special Education Cluster			<u>155,147</u>	<u>0</u>	<u>119,395</u>	<u>0</u>
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-98	84.010	180,898	0	595,170	0
	C1-S1-99	84.010	1,020,877	0	1,141,267	0
			<u>1,201,775</u>	<u>0</u>	<u>1,736,437</u>	<u>0</u>
Vocational Education Basic Grants to States	C1-20-98	84.048	19,845	0	2,248	0
	C1-20-99	84.048	116,478	0	132,221	0
			<u>136,323</u>	<u>0</u>	<u>134,469</u>	<u>0</u>
Safe and Drug-Free Schools & Communities - State Grants	DR-S1-99	84.186	8,409	0	19,353	0
Eisenhower Professional Development State Grants	MS-S1-97	84.281	25,015	0	25,015	0
	MS-S1-98	84.281	28,877	0	24,826	0
	MS-S1-99	84.281	12,748	0	5,501	0
			<u>66,640</u>	<u>0</u>	<u>55,342</u>	<u>0</u>
Goals 2000 - State & Local Educ. Systemic Improvement	G2-S198	84.276	57,300	0	30,000	0
	G2-S3-97	84.276	262,961	0	156,924	0
	G2-S3-96	84.276	35,000	0	6,628	0
	G2-S5-98P	84.276	56,398	0	69,156	0
			<u>411,659</u>	<u>0</u>	<u>262,708</u>	<u>0</u>
Innovative Educational Program Strategies	C2-S1-99	84.298	28,371	0	4,359	0
Total U. S. Department of Education			2,045,349	0	2,369,088	0

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**JUNE 30, 1999**

(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U.S. DEPARTMENT OF LABOR</b>						
<i>Passed Through Ohio Department of Education:</i>						
Employment Services & Job Training - Pilot Program	N/A	17.249	19,600	0	19,290	0
		17.249	9,481	0	8,955	0
		17.249	40,000	0	17,080	0
		17.249	9,258	0	9,228	0
		17.249	25,600	0	31,745	0
		17.249	18,335	0	18,351	0
			<u>122,274</u>	<u>0</u>	<u>104,649</u>	<u>0</u>
<i>Passed through Region 7 School -To-Work Jackson City School District-Fiscal Agent</i>						
Employment Services & Job Training - Pilot Program	N/A	17.249	4,000	0	14,691	0
		17.249	4,300	0	3,025	0
		17.249	0	0	299	0
			<u>8,300</u>	<u>0</u>	<u>18,015</u>	<u>0</u>
Total U. S. Department of Labor			130,574	0	122,664	0
<b>APPLIACHIAN REGIONAL COMMISSION</b>						
<i>Passed through Ky Science &amp; Technology Council, Inc.:</i>						
Appalachian Regional Development	N/A	23.001	9,789	0	38	0
	N/A	23.001	13,593	0	25,740	0
	N/A	23.001	3,484	0	3,484	0
	OH12494-96	23.001	24,661	0	5,761	0
			<u>51,527</u>	<u>0</u>	<u>35,023</u>	<u>0</u>
Appalachian State Research, Technical Assistance	OH13157	23.011	4,267	0	1,555	0
Total Appliachian Regional Commission			55,794	0	36,578	0
<b>U.S. DEPARTMENT OF HEALTH &amp; HUMAN SERVICES</b>						
<i>Passed through Ohio Dept. of Health:</i>						
Preventive Health and Health Services Block Grant	N/A	93.991	4,625	0	28,461	0
	N/A	93.991	7,500	0	7,444	0
	N/A	93.991	2,500	0	714	0
			<u>14,625</u>	<u>0</u>	<u>36,619</u>	<u>0</u>
Medical Assistance Program		93.778	30,015	0	30,015	0
Total U.S. Department of Health and Human Services			44,640	0	66,634	0
<b>U.S. ENVIRONMENTAL PROTECTION AGENCY</b>						
Toxic Substances Compliance Monitoring Cooperative	N/A	66.701	0	0	17,612	0
<b>Total Federal Financial Assistance</b>			<u><b>\$3,088,210</b></u>	<u><b>\$119,988</b></u>	<u><b>\$3,424,429</b></u>	<u><b>\$126,709</b></u>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B - FOOD DISTRIBUTION**

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. At June 30, 1999, the District had no significant food commodities in inventory.

**NOTE C - NATIONAL SCHOOL LUNCH PROGRAM**

Cash receipts from the U.S. Department of Agriculture for the National School Lunch Program are commingled with State grants. It is assumed federal monies are expended first.

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

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

To the Board of Education:

We have audited the accompanying 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, 1999, and have issued our report thereon dated March 20, 2000, which described a change in accounting principle for deferred compensation plans. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated March 20, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 20, 2000.

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

**Jim Petro**  
Auditor of State

March 20, 2000





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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Adams County/Ohio Valley School District, Adams County, Ohio (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that is applicable to its major federal programs for the fiscal year ended June 30, 1999. Adams County/Ohio Valley School 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 are the responsibility of Adams County/Ohio Valley School District's management. Our responsibility is to express an opinion on Adams County/Ohio Valley School 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 Adams County/Ohio Valley School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Adams County/Ohio Valley School District's compliance with those requirements.

In our opinion, Adams County/Ohio Valley School 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, 1999.

**Internal Control Over Compliance**

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

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted another matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated March 20, 2000.

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

**JIM PETRO**  
Auditor of State

March 20, 2000

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**

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

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Nutrition Cluster CFDA #10.550, 10.553 and 10.555 Employment Services and Job Training Pilot (School to Work) CFDA#17.249
(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

**SCHEDULE OF FINDINGS**  
**OMB CIRCULAR A -133 § .505**  
**JUNE 30, 1999**  
**(Continued)**

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

None

**3. FINDINGS FOR FEDERAL AWARDS**

None



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**ADAMS COUNTY/OHIO VALLEY SCHOOL DISTRICT**

**ADAMS COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 11, 2000**