SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO AUDITOR OF STATE

STATE OF OHIO

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STATE OF OHIO OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education Teays Valley Local School District Pickaway County 385 Circleville Avenue Ashville, Ohio 43103

We have audited the accompanying general-purpose financial statements of the Teays Valley Local School District, Pickaway County, Ohio (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Teays Valley Local School District, Pickaway County, Ohio as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 2, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Teays Valley Local School District Pickaway County Report of Independent Accountants Page 2

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

JIM PETRO Auditor of State

November 2, 2001

Teays Valley Local School District Combined Balance Sheet All Fund Types and Account Groups June 30, 2001

		Governmental	Fund Types		Proprietary F	und Types	Fiduciary Fund Types	Account	Groups	Totals 2001
		Special	Debt	Capital		Internal	Trust and	General	General	(Memorandum)
	General	Revenue	Service	Project	Enterprise	Service	Agency	Fixed Assets	Long Term	(Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 4,796,719	230,749	1,606,201	24,395,727	259,347	192,888	153,827	0	0	\$ 31,635,458
Cash with Fiscal Agent	0	0	0	0	0	5,252	0	0	0	5,252
Restricted Assets	77,453	0	0	0	0	0	0	0	0	77,453
Taxes Receivable	4,628,462	0	1,442,371	0	0	0	0	0	0	6,070,833
Interfund Receivable	10,000	0	0	0	0	0	0	0	0	10,000
Due from Other Funds	0	0	0	0	0	0	265,710	0	0	265,710
Intergovernmental Receivables	4,303	37,911	7	0	20,660	28,950	0	0	0	91,831
Accounts Receivable	31,666	233	2,572	108,881	948	128	837	0	0	145,265
Supplies Inventory	43,549	0	0	0	1,223	0	0	0	0	44,772
Inventory for Resale	0	0	0	0	10,115	0	0	0	0	10,115
Net Property, Plant & Equipment	0	0	0	0	158,675	1,543	0	18,300,086	0	18,460,304
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	1,607,683	1,607,683
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	23,650,128	23,650,128
Total Assets and Other Debits	\$ 9.592.152	268.893	3.051.151	24.504.608	450.968	228.761	420.374	18.300.086	25.257.811	\$ 82.074.804
										(Continued)

Teays Valley Local School District Combined Balance Sheet All Fund Types and Account Groups, Continued June 30, 2001

							Fiduciary			Totals
		Governmental			Proprietary F		Fund Types	Account	•	2001
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
Liabilities:										
Interfund Payable \$	0	10,000	0	0	0	0	0	0	0	\$ 10,000
Due to Other Funds	254,164	11,262	0	75	209	0	0	0	0	265,710
Intergovernmental Payable	8,771	290	0	0	23,272	0	350,824	0	108,233	491,390
Accounts Payable	192,775	6,139	1,096	0	0	2,438	447	0	0	202,895
Claims Payable	0	0	0	0	0	307,755	0	0	0	307,755
Accrued Salaries and Benefits	1,262,906	51,263	0	0	49,300	0	0	0	0	1,363,469
Contracts Payable	0	0	0	220,231	0	0	0	0	0	220,231
Retainage Payable	0	0	0	1,810	0	0	0	0	0	1,810
Deferred Revenue	4,391,301	0	1,368,198	0	6,104	0	0	0	0	5,765,603
Due to Others	0	0	0	0	0	0	54,010	0	0	54,010
General Obligation Bonds Payable	0	0	0	0	0	0	0	0	23,530,286	23,530,286
Leases Payable	0	0	0	0	0	0	0	0	194,222	194,222
Compensated Absences Payable	20,987	0	0	0	16,793	0	0	0	1,425,070	1,462,850
Total Liabilities	6,130,904	78,954	1,369,294	222,116	95,678	310,193	405,281	0	25,257,811	33,870,231
Fund Equity and Other Credits:										
Investment in General Fixed Assets	0	0	0	0	0	0	0	18,300,086	0	18,300,086
Contributed Capital	0	0	0	0	147,342	0	0	0	0	147,342
Retained Earnings	0	0	0	0	207,948	(81,432)	516	0	0	127,032
Fund Balances:										
Reserved For Inventory	43,549	0	0	0	0	0	0	0	0	43,549
Reserved for Encumbrances	734,026	14,447	0	2,522,326	0	0	103	0	0	3,270,902
Reserved for Contributions	0	0	0	0	0	0	10,000	0	0	10,000
Reserved for Budget Stabilization	77,453	0	0	0	0	0	0	0	0	77,453
Reserved for Future Appropriation	237,160	0	74,173	0	0	0	0	0	0	311,333
Unreserved Fund Balance	2,369,060	175,492	1,607,684	21,760,166	0	0	4,474	0	0	25,916,876
– Total Fund Equity	3,461,248	189,939	1,681,857	24,282,492	0	0	14,577	0	0	29,630,113
– Total Fund Balances/Retained Earnings and Other Credits	3,461,248	189,939	1,681,857	24,282,492	355,290	(81,432)	15,093	18,300,086	0	48,204,573
Total Liabilities, Fund Equity, and Other Credits	9,592,152	268,893	3,051,151	24,504,608	450,968	228,761	420,374	18,300,086	25,257,811	\$ 82,074,804
See Accompanying Notes to the General Purpose Financial	Statements									

See Accompanying Notes to the General Purpose Financial Statements

Teays Valley Local School District Combined Statement of Revenues, Expenditures, and Changes in Fund Balance All Governmental Fund Types and Similar Fiduciary Fund Type Year Ended June 30, 2001

	162			Fiduciary		
		Governmental F	Fund Types		Fund Type	Totals
		Special	Debt	Capital	Expendable	(Memorandum)
	General	Revenue	Service	Project	Trust	(Only)
REVENUES:	• • - • • • • •		000 0/ 7			• • ••••
Taxes	\$ 4,593,081	0	890,317	0	0	\$ 5,483,398
Tuition	44,713	0	0	0	0	44,713
Earnings on Investments	1,533,125	0	323,139	468,478	0	2,324,742
Extracurricular Activities	0	296,636	0	0	0	296,636
Classroom Materials and Fees	60,683	0	0	0	0	60,683
Miscellaneous	31,250	20,723	575	1,000	18,000	71,548
Local Restricted Grants-in-Aid	0	1,003	0	0	0	1,003
Revenue in Lieu of Taxes	2,151	0	0	0	0	2,151
State Unrestricted Grants-in-Aid	9,720,419	12,664	147,069	0	0	9,880,152
State Restricted Grants-in-Aid	74,531	113,718	0	871,330	0	1,059,579
Federal Unrestricted Grants -in-Aid	71,656	0	0	0	0	71,656
Federal Restricted Grants-in-Aid	0	600,455	0	0	0	600,455
Total Revenue	16,131,609	1,045,199	1,361,100	1,340,808	18,000	19,896,716
EXPENDITURES:	-, - ,	,,	,,	,,	- ,	-,, -
Regular Instruction	7,540,813	276,340	0	91,963	12,279	7,921,395
Special Instruction	1,267,280	314,264	0	0	, 0	1,581,544
Vocational Instruction	610,068	0	0	0	0	610,068
Support Services-Pupils	605,108	21,740	0	0	0	626,848
Support Services-Instructional Staff	640,604	156,020	0	4,912	0	801,536
Support Services-Board of Education	114,060	130,020	0	4,912	0	114,079
			0	-	0	1,526,856
Support Services-Administration	1,439,574	86,228		1,054		, ,
Support Services-Fiscal Services	293,755	0	30,270	224,831	0	548,856
Support Services-Business	97,579	0	0	0	0	97,579
Support Services-Operation & Maintenance	1,286,417	8,090	0	1,637	0	1,296,144
Support Services-Pupil Transportation	1,181,230	1,140	0	0	0	1,182,370
Support Services-Central	17,476	22,345	0	0	0	39,821
Non-Instr. Operations-Food Services	180	0	0	0	0	180
Academic & Subject Oriented Activities	21,639	2,223	0	0	0	23,862
Sports Oriented Activities	225,440	128,016	0	0	0	353,456
Co-Curricular Activities	9,176	0	0	0	0	9,176
Site Acquisition	280,000	0	0	0	0	280,000
Site Improvement	14,450	0	0	0	0	14,450
Architecture & Engineering	0	0	0	1,211,068	0	1,211,068
Building Acquisition & Construction	1,046,943	0	0	114,482	0	1,161,425
Building Improvement	21,356	0	0	101,172	0	122,528
Repayment of Debt	0	0	1,094,817	481,251	0	1,576,068
Total Expenditures	16,713,148	1,016,425	1,125,087	2,232,370	12,279	21,099,309
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	(581,539)	28,774	236,013	(891,562)	5,721	(1,202,593)
Other Financing Sources and Uses:				,		
Other Financing Sources						
Sale & Loss of Assets	3,656	0	0	0	0	3,656
Proceeds from Sale of Bonds	0	0	0	22,949,396	0	22,949,396
Transfers-In	300	126	0	10,081,957	0	10,082,383
Refund of Prior Years Expenditures	45,777	0	0	0	0	45,777
Other Financing Uses	10,111	Ŭ	0	Ŭ	0	10,111
Transfers-Out	(1,245,430)	(300)	0	(8,971,987)	0	(10,217,717)
Refund of Prior Years Receipts	(1,245,450)	· · /	0	(0,971,907)	0	
Pass Through Payments		(17,521)		0		(17,521)
5,	0 (1,195,697)	(47.005)	0		(6,120)	(6,120)
Net Other Financing Sources and Uses	(1,195,697)	(17,695)	0	24,059,366	(6,120)	22,839,854
Excess (Deficiency) of Revenues						
and Other Sources Over Expenditure	// · · · · ·	=-		aa 4 a = a a 4		a
Disbursement and Other Uses	(1,777,236)	11,079	236,013	23,167,804	(399)	21,637,261
Increase in Inventory	(45,222)	0	0	0	0	(45,222)
Beginning Fund Balance	5,283,706	178,860	1,445,844	1,114,688	4,976	8,028,074
Ending Fund Balance	\$ 3,461,248	189,939	1,681,857	24,282,492	4,577	\$ 29,620,113
See Accompanying Notes to the General Purpo	ose Financial Statemen	ts				

See Accompanying Notes to the General Purpose Financial Statements

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis)

All Governmental Fund Types and Similar Fiduciary Fund Type

Year Ended June 30, 2001

	Conorol Fund			Special Powerus Funde			
		General Fund		Spee	cial Revenue Fund	Variance	
	Revised		Variance Favorable	Revised	Revised		
	Budget	Actual	(Unfavorable)	Budget	Actual	Favorable (Unfavorable)	
Revenues:							
Taxes	5,752,510	5,752,510	0	0	0	\$ 0	
Tuition	44,713	44,713	0	0	0	0	
Earnings on Investment	1,727,409	1,727,409	0	0	0	0	
Extracurricular Activities	0	0	0	296,693	296,693	0	
Classroom Materials and Fees	61,323	61,323	0	0	0	0	
Miscellaneous	40,310	40,310	0	20,697	20,697	0	
Local Restricted Grants-in-Aid	0	0	0	1,003	1,003	0	
Revenue in Lieu of Taxes	2,151	2,151	0	0	0	0	
State Unrestricted Grants-in-Aid	9,720,397	9,720,397	0	12,664	12,664	0	
State Restricted Grants-in-Aid	76,081	76,081	0	113,718	113,718	0	
Federal Unrestricted Grants-in-Aid	82,126	82,126	0	0	0	0	
Federal Restricted Grants-in-Aid	0	02,120	0	566,945	566,945	0	
Total Revenue	17,507,020	17,507,020	0	1,011,720	1,011,720	0	
Expenditures:	17,007,020	17,007,020	0	1,011,720	1,011,720	0	
Regular Instruction	8,016,465	7,899,719	116,746	335,017	287,983	47,034	
		, ,	,			,	
Special Instruction	1,471,569	1,360,974	110,595	347,083	310,768	36,315	
Vocational Instruction	628,147	623,400	4,747	0	0	0	
Adult/ Continuing Instruction	1,378	0	1,378	0	0	0	
Support Services-Pupils	684,991	631,829	53,162	23,722	22,710	1,012	
Support Services-Instructional Staff	805,622	701,756	103,866	185,314	159,004	26,310	
Support Services-Board of Education	155,235	140,940	14,295	19	19	0	
Support Services-Administration	1,561,023	1,456,359	104,664	97,831	85,198	12,633	
Fiscal Services	310,054	295,052	15,002	0	0	0	
Support Services-Business	147,224	125,872	21,352	0	0	0	
Operation & Maintenance-Plant	2,386,736	1,459,181	927,555	8,180	8,090	90	
Support Services-Transportation	1,279,109	1,226,685	52,424	1,140	1,140	0	
Support Services-Central	24,438	17,453	6,985	25,798	22,225	3,573	
Food Services Operations	279	174	105	0	0	0	
Academic & Subject Oriented	27,858	21,730	6,128	3,658	2,155	1,503	
Sports Oriented	254,642	225,088	29,554	185,184	135,236	49,948	
Co-Curricular Activities	9,208	9,206	2	0	0	0	
Building & Site Improvement	1,452,433	1,429,907	22,526	0	0	0	
Repayment of Debt	0	0	0	0	0	0	
Total Expenditures	19,216,411	17,625,325	1,591,086	1,212,946	1,034,528	178,418	
Excess of Revenue Over	19,210,411	17,025,525	1,391,000	1,212,940	1,034,320	170,410	
	(1 700 201)	(110 205)	1 501 096	(201 226)	(22,000)	170 /10	
(Under) Expenditures	(1,709,391)	(118,305)	1,591,086	(201,226)	(22,808)	178,418	
Other Financing Sources (Uses):	0.050	0.050	0	0	0	0	
Sale & Loss of Assets	3,656	3,656	0	0	0	0	
Proceeds from Sale of Notes	0	0	0	0	0	0	
Transfers-In	300	300	0	126	126	0	
Advances-In	0	129,285	129,285	0	74,871	74,871	
Refund of Prior Years Expenditures	45,624	45,624	0	0	0	0	
Transfers-Out	(1,526,326)	(1,374,488)	151,838	(300)	(300)	0	
Advances-Out	0	(29,921)	(29,921)	0	(69,285)	(69,285)	
Refund of Prior Year Receipts	0	0	0	(17,521)	(17,521)	0	
Pass Through Payment	0	0	0	0	0	0	
Total Other Sources (Uses)	(1,476,746)	(1,225,544)	251,202	(17,695)	(12,109)	5,586	
Excess of Revenues & Other Financing	<u>, , -, -1</u>	<u>, -,- 1</u>		, <u>, , 1</u>	, ,		
Sources Over (Under) Expenditures							
and Other Financing Uses	(3,186,137)	(1,343,849)	1,842,288	(218,921)	(34,917)	184,004	
Beginning Fund Balance	3,380,026	3,380,026	1,042,200	172,212	172,212	04,004	
Prior Year Carry Over Encumbrances	1,869,636	1,869,636	0	72,615	72,615	0	
-							
Ending Fund Balance	\$ 2,063,525	3,905,813	1,842,288	25,906	209,910	\$ 184,004	
						(Continued)	

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances

Budget and Actual (Non-GAAP Basis)

All Governmental Fund Types and Similar Fiduciary Fund Type- Continued

Year Ended June 30, 2001

	Year	Ended June	e 30, 2001				
	D	ebt Service Funds		Capital Projects Funds			
		Variance		Variance			
	Revised		Favorable	Revised		Favorable	
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)	
Revenues:			_			•	
Taxes	1,320,765	1,320,765	0	0	0	\$ 0	
Tuition	0	0	0	0	0	0	
Earnings on Investment	323,639	323,639	0	359,597	359,597	0	
Extracurricular Activities	0	0	0	0	0	0	
Classroom Materials and Fees	0	0	0	0	0	0	
Miscellaneous	575	575	0	1,000	1,000	0	
Local Restricted Grants-in-Aid	0	0	0	0	0	0	
Revenue in Lieu of Taxes	0	0	0	0	0	0	
State Unrestricted Grants-in-Aid	147,062	147,062	0	0	0	0	
State Restricted Grants-in-Aid	0	0	0	871,330	871,330	0	
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0	
Federal Restricted Grants-in-Aid	0	0	0	0	0	0	
Total Revenue	1,792,041	1,792,041	0	1,231,927	1,231,927	0	
Expenditures:		_					
Regular Instruction	0	0	0	123,926	92,107	31,819	
Special Instruction	0	0	0	0	0	0	
Vocational Instruction	0	0	0	0	0	0	
Adult/ Continuing Instruction	0	0	0	0	0	0	
Support Services-Pupils	0	0	0	0	0	0	
Support Services-Instructional Staff	0	0	0	7,406	7,406	0	
Support Services-Board of Education	0	0	0	0	0	0	
Support Services-Administration	0	0	0	6,190	1,054	5,136	
Fiscal Services	29,498	29,173	325	300,562	235,017	65,545	
Support Services-Business	0	0	0	0	0	0	
Operation & Maintenance-Plant	0	0	0	6,044	6,044	0	
Support Services-Transportation	0	0	0	0	0	0	
Support Services-Central	0	0	0	0	0	0	
Food Services Operations	0	0	0	0	0	0	
Academic & Subject Oriented	0	0	0	0	0	0	
Sports Oriented	0	0	0	0	0	0	
Co-Curricular Activities	0	0	0	0	0	0	
Building & Site Improvement	0	0	0	23,524,623	3,929,296	19,595,327	
Repayment of Debt	24,908,368	24,426,735	481,633	0	0	0	
Total Expenditures	24,937,866	24,455,908	481,958	23,968,751	4,270,924	19,697,827	
Excess of Revenue Over	(·		/·	<i>(</i>		
(Under) Expenditures	(23,145,825)	(22,663,867)	481,958	(22,736,824)	(3,038,997)	19,697,827	
Other Financing Sources (Uses):		_		_			
Sale ^ Loss of Assets	0	0	0	0	0	0	
Proceeds from Sale of Notes	22,949,396	22,949,396	0	0	0	0	
Transfers-In	0	0	0	9,716,937	10,210,945	494,008	
Advances-In	0	0	0	0	0	0	
Refund of Prior Years Expenditures	0	0	0	0	0	0	
Transfers-Out	0	0	0	(8,971,987)	(8,971,987)	0	
Advances-Out	0	0	0	0	(104,950)	(104,950)	
Refund of Prior Year Receipts	0	0	0	0	0	0	
Pass Through Payment	0	0	0	0	0	0	
Total Other Sources (Uses)	22,949,396	22,949,396	0	744,950	1,134,008	389,058	
Excess of Revenues & Other Financing							
Sources Over (Under) Expenditures							
and Other Financing Uses	(196,429)	285,529	481,958	(21,991,874)	(1,904,989)	20,086,885	
Beginning Fund Balance	1,320,672	1,320,672	0	23,461,224	23,461,224	0	
Prior Year Carry Over Encumbrances	0	0	0	108,842	108,842	0	
Ending Fund Balance	\$ 1,124,243	1,606,201	481,958	1,578,192	21,665,077	\$ 20,086,885	
						(Continued)	

Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Basis)

All Governmental Fund Types and Similar Fiduciary Fund Type - Continued

Year Ended June 30, 2001

	Exp	endable Trust Fun	d	Totals	s (Memorandum O	n Onlv)		
	_		Variance			Variance		
	Revised	Favorable		Revised		Favorable		
	Budget	Actual	(Unfavorable)	Budget	Actual	(Unfavorable)		
Revenues:	Dudget	Actual		Duugei	Actual	(Onlavorable)		
Taxes	\$ 0	0	0	7,073,275	7,073,275	\$ 0		
Tuition	ф 0	0	0	44,713	44,713	0		
Earnings on Investment	0	0	ů 0	2,410,645	2,410,645	0		
Extracurricular Activities	0	0	ů 0	296,693	296,693	0		
Classroom Materials and Fees	0	0	0	61,323	61,323	0		
Miscellaneous	18,000	18,000	0	80,582	80,582	0		
Local Restricted Grants-in-Aid	0	0	0	1,003	1,003	0		
Revenue in Lieu of Taxes	0	0	0	2,151	2,151	0		
State Unrestricted Grants-in-Aid	0	0	0	9,880,123	9,880,123	0		
State Restricted Grants-in-Aid	0	0	0			0		
	-	-		1,061,129	1,061,129			
Federal Unrestricted Grants-in-Aid	0	0	0	82,126	82,126	0		
Federal Restricted Grants-in-Aid	0	0	0	566,945	566,945	0		
Total Revenue	18,000	18,000	0	21,560,708	21,560,708	0		
Expenditures:								
Regular Instruction	21,521	17,047	4,474	8,496,929	8,296,856	200,073		
Special Instruction	0	0	0	1,818,652	1,671,742	146,910		
Vocational Instruction	0	0	0	628,147	623,400	4,747		
Adult/ Continuing Instruction	0	0	0	1,378	0	1,378		
Support Services-Pupils	0	0	0	708,713	654,539	54,174		
Support Services-Instructional Staff	0	0	0	998,342	868,166	130,176		
Support Services-Board of Education	9	9	0	155,263	140,968	14,295		
Support Services-Administration	0	0	0	1,665,044	1,542,611	122,433		
Fiscal Services	0	0	0	640,114	559,242	80,872		
Support Services-Business	0	0	0	147,224	125,872	21,352		
Operation & Maintenance-Plant	0	0	0	2,400,960	1,473,315	927,645		
Support Services-Transportation	0	0	0	1,280,249	1,227,825	52,424		
Support Services-Central	0	0	0	50,236	39,678	10,558		
Food Services Operations	0	0	0	279	174	105		
Academic & Subject Oriented	73	73	0	31,589	23,958	7,631		
Sports Oriented	0	0	0	439,826	360,324	79,502		
Co-Curricular Activities	0	0	0	9,208	9,206	2		
Building & Site Improvement	0	0	0	24,977,056	5,359,203	19,617,853		
Repayment of Debt	0	0	0	24,908,368	24,426,735	481,633		
Total Expenditures	21,603	17,129	4,474	69,357,577	47,403,814	21,953,763		
Excess of Revenue Over		,	.,	00,001,011				
(Under) Expenditures	(3,603)	871	4,474	(47,796,869)	(25,843,106)	21,953,763		
Other Financing Sources (Uses):	(0,000)	0	.,	(11,100,000)	(20,010,100)	2,,000,.00		
Sale & Loss of Assets	0	0	0	3,656	3,656	0		
Proceeds from Sale of Bonds	0	0	0	22,949,396	22.949.396	0		
Transfers-In	0	Ő	0	9,717,363	10,211,371	494,008		
Advances-In	0	0	0	0	204,156	204,156		
Refund of Prior Years Expenditures	0	0	0	45,624	45,624	201,100		
Transfers-Out	0	0	0	(10,498,613)	(10,346,775)	151,838		
Advances-Out	0	0	0	(10,430,019)	(204,156)	(204,156)		
Refund of Prior Year Receipts	ů 0	0	0	(17,521)	(17,521)	(204,100)		
•			0			0		
Pass Through Payment	(6,120)	(6,120)	0	(6,120)	(6,120)			
Total Other Sources (Uses)	(6,120)	(6,120)	U	22,193,785	22,839,631	645,846		
Excess of Revenues & Other Financing								
Sources Over (Under) Expenditures	(0 700)	(= 0.40)			(0,000,177)	00 500 000		
and Other Financing Uses	(9,723)	(5,249)	4,474	(25,603,084)	(3,003,475)	22,599,609		
Beginning Fund Balance	8,513	8,513	0	28,342,647	28,342,647	0		
Prior Year Carry Over Encumbrances	1,126	1,126	0	2,052,219	2,052,219	0		
Ending Fund Balance	\$ (84)	4,390	4,474	4,791,782	27,391,391	\$ 22,599,609		
See Accompanying Notes to the General Purpo	se Financial Statement							

See Accompanying Notes to the General Purpose Financial Statement

Combined Statement of Revenues, Expenses, and Changes in Retained Earnings All Proprietary Fund Types and Non-Expendable Trust Fund Year Ended June 30, 2001

	Proprietary Fund Types				
		Enterprise Funds	Internal Service Funds	Non-Expendable Trust Fund	Totals (Memorandum) (Only)
Operating Revenues:					
Food Service	\$	516,908	0	0	\$ 516,908
Classroom Materials & Fees		6,279	0	0	6,279
Charges for Services		0	1,073,858	0	1,073,858
Miscellaneous		2,657	0	0	2,657
Total Operating Revenue		525,844	1,073,858	0	1,599,702
Operating Expenses:					
Personal Services - Salary		297,591	0	0	297,591
Employee Benefits		122,290	68,129	0	190,419
Purchased Services		23,669	1,464,934	0	1,488,603
Supplies and Materials		299,686	0	0	299,686
Other Objects		929	0	593	1,522
Depreciation		6,115	259	0	6,374
Total Operating Expenses		750,280	1,533,322	593	2,284,195
Operating Loss/Profit		(224,436)	(459,464)	(593)	(684,493)
Non-Operating Revenues:					
Earnings On Investments		12,752	0	667	13,419
Sale & Loss of Assets		(3,184)	0	0	(3,184)
State Restricted Grants-In-Aid		10,606	0	0	10,606
Federal Unrestricted Grants-in-Aid		177,117	0	0	177,117
Federal Restricted Grants-In-Aid		60,882	0	0	60,882
Refund of Prior Years Expense		0	(7,010)	0	(7,010)
Total Non-Operating Revenues		258,173	(7,010)	667	251,830
Net Income (Loss) Before Operating Transfers		33,737	(466,474)	74	(432,663)
Transfers-In		0	134,742	0	134,742
Total Transfers		0	134,742	0	134,742
Net Income (Loss)		33,737	(331,732)	74	(297,921)
Beginning Retained Earnings & Contributed Capital		321,553	250,300	10,442	582,295
Retained Earnings & Contributed Capital at End of Year	\$	355,290	(81,432)	10,516	\$ 284,374

See Accompanying Notes to the General Purpose Financial Statements

Teays Valley Local School District Combined Statement of Changes in Cash Flows All Proprietary Fund Types and Non-Expendable Trust Fund

Year Ended June 30, 2001 Proprietary Fund Types

		Proprietary F	und Types			
	Ente	erprise Funds	Internal Service Funds	Non-Expendable Trust Fund	(M	Totals emorandum) (Only)
Cash Flows from Operating Activities						
Operating Loss	\$	(224,436)	(459,464)	(593)	\$	(684,493)
Adjustment to Reconcile Operating Loss						
To Net Cash used in Operating Activities:						
Depreciation Net (Increase) Decrease in Assets:		6,115	259	0		6,374
Accounts Receivable		102	105,557	0		105,659
Intergovernmental Receivables Inventory		4,970 2,127	(28,950) 0	0 0		(23,980) 2,127
Prepaid Expenses		0	141,453	0		141,453
Net Increases (Decreases) in Liabilities:						
Accounts Payable		(381)	1,729	0		1,348
Intergovernmental Payable		16,887	0	0		16,887
Due to Other Funds		6	0	0		6
Deferred Revenue		511	0	0		511
Claims Payable		0	74,893	0		74,893
Accrued Wages and Benefits		1,425	0	0		1,425
Compensated Absences		(314)	0	0		(314)
Total Adjustments		31,448	294,941	0		326,389
Net Cash Used in Operating Activities		(192,988)	(164,523)	(593)		(358,104)
Cash Flows from Noncapital Activities:						
Earnings on Investments		12,752	0	667		13,419
Operating Grants from State Sources		10,606	0	0		10,606
Operating Grants from Federal Sources		237,999	0	0		237,999
Other Net		(3,184)	127,732	0		124,548
Net Cash Provided by Noncapital Financing Sources		258,173	127,732	667		386,572
Cash Flows from Capital Financing Sources:		(4.070)	0	0		(4.070)
Acquisition of Assets		(4,072)	0	0		(4,072)
Net Cash Provided by Capital Financing Sources		(4,072)	0	0		(4,072)
Net Increase in Cash & Cash Equivalents		61,113	(36,791)	74		24,396
Cash and Cash Equivalents at Beginning of Year		198,234	234,931	10,442		443,607
Cash and Cash Equivalents at End of Year	\$	259,347	198,140	10,516	\$	468,003
See Assemble ving Notes to Constal Durness Financial Statements						

See Accompanying Notes to General Purpose Financial Statements

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Teays Valley Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a local district as defined by Section 3311.0 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 2000, was 2,884. The District employed 9 administrative and supervisory personnel, 179 certified employees and 85 non-certificated employees. The District is supervised by the Pickaway County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisition and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

A. Reporting Entity (Continued)

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

B. Fund Accounting

The 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

General Fund

This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Governmental Fund Types (Continued)

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal and interest.

Capital Projects Funds

These funds are used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types:

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

Enterprise Funds

These funds are used to account for the operations 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 revenue earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Funds

These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Fund Accounting (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds

These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds

These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds

These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups:

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group

This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Measurement Focus/Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

- 1) Only current assets and current liabilities are generally included on their balance sheets.
- 2) Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
- 3) Revenues are recognized when they become both measurable and available to finance expenditures for the current period which for the District is 60 days after year end.
 - a) Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b) Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2002 operations, have been recorded as deferred revenues.
- 4) Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditure budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

- A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20th of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its special organizational meeting in January.
- 2) The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
- 3) An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in July. The Annual Appropriation Resolution is usually adopted at a later regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
- 4) The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" in accordance with the budget basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b) Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c) Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d) 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).

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budget and Budgetary Accounting (Continued)

Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the 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 year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

E. Cash and Investments

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to certificates of deposit and the State Treasury Asset Reserve of Ohio (STAR Ohio).

Investments are reported at cost except for investments in STAR Ohio which are reported at fair value. Fair value is based on quoted market prices.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001. For the District, all investment earnings accrue to the General, Debt Service, Capital Projects, Internal Services, Proprietary and Non-expendable Trust Funds as authorized by board resolution. Interest income earned in fiscal year 2001 totaled \$2,338,161.

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

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2001. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2001 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

G. Inventories

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. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

I. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction 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 respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received. Assets are disposed in accordance with District policy and guidelines. The capitalization threshold for governmental funds is \$150. No threshold is used for proprietary funds.

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

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets of five to twenty years.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Intergovernmental Revenues

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

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

Entitlements:

General Fund

State Foundation Program School Bus Funding **Special Revenue Funds Educational Management Information Systems Miscellaneous State Grants Capital Projects Fund** School Net Grant **Emergency School Repair Exceptional Needs** Non-Reimbursable Grants: **Special Revenue Funds Teacher Development** Textbook/Instructional Subsidy Title I Title VI **Drug Free Schools** Title VI-B Title VI-R **Eisenhower Math/Science** DPIA **Data Communication Grant** Network Connectivity Grant Preschool Grant Miscellaneous Federal Grants **Reimbursable Grants:**

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program **Government Donated Commodities**

Grants and entitlements amounted to approximately 58% of the District's operating revenue during the 2001 fiscal year.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001, the District had \$265,710 in "Due to Other Funds" and \$10,000 in "Interfund Receivables/Payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2001 the District had no long-term interfund loans.

M. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee; and 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these 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 debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2001, the District had \$147,342 in contributed capital.

O. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

P. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

Q. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, encumbrances, contributions, budget stabilization, and future appropriations. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds. The reserve for contributions is the principal reserved for the non-expendable trust fund.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Memorandum Only - Total Columns

Total columns on the general purpose financial statements are captioned "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.

S. 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.

2. BUDGETARY BASIS OF ACCOUNTING

The following table summarizes the adjustments necessary to reconcile the GAAP and budgetary basis statements by fund type:

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Type and Similar Fiduciary Fund Type

	G	Fiduciary Expendable			
	General Fund	Special Revenue	Debt Service	Capital Project	Trust Fund
GAAP Basis	\$(1,777,236)	11,079	236,013	23,167,804	\$ (399)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	1,375,411	(33,479)	430,941	(108,881)	0
Due to Expenditures:					
Net Adjustments to Expenditure	(912,177)	(18,103)	(23,330,821	(2,038,554)	(4,850)
Due to Other Sources/Uses	(29,847)	5,586	22,949,396	(22,925,35	0
Budget Basis	\$(1,343,849)	(34,917)	285,529	(1,904,989)	\$ (5,249)

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no material effect on fund balances as a result of implementing GASB 33.

4. ACCOUNTABILITY AND COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

5. CASH AND INVESTMENTS

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

Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the 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 the Board of Education has identified as not required for use within the current period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts. Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

Protection of the 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 money deposited with the institution.

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

- 1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
- 2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

5. CASH AND INVESTMENTS (Continued)

- 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. Bond and other obligations of the State of Ohio;
- 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 (STAROhio); and
- 7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and 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.

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 District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year end, the carrying amount of the District's deposits was \$11,041,270, the bank balance was \$169,630, and certificates of deposit were \$11,041,258. Of the bank balance and certificates of deposit:

- 1. \$400,000 was covered by federal depository insurance; and
- 2. \$10,810,888 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 District to a successful claim by the FDIC.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

5. CASH AND INVESTMENTS (Continued)

Investments: The District's investments are required to be categorized to give an indication of the level of risk assumed by the District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category			ry Reported Fa		
	1	2	3	Amount	Value	
STAR Ohio			N/A	\$20,671,641	\$ 20,671,641	
Total Investments				\$20,671,641	\$ 20,671,641	

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 classifications of cash and cash equivalents and investments on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 31,718,163	\$ 0
Investments:		
STAR Ohio	(20,671,641)	20,671,641
Total	11,046,522	20,671,641
Cash with Fiscal Agent	(5,252)	
GASB Statement No. 3	\$ 11,041,270	\$ 20,671,641

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

6. PROPERTY TAX

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Fairfield, Franklin and Pickaway County Auditors at 35% of appraised market value. All property is required to be revalued every six years. In Pickaway County, the last revaluation for the District was completed in 1997; an update was done in 1999. The next revaluation is scheduled for 2002. In Franklin County, the last revaluation was completed in 2000, with an update scheduled for 2003. In Fairfield County, the last revaluation for the District was campleted in is scheduled for 2001. Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31, (although the Pickaway County Auditor usually files for an extension in sending out tax bills so payment is then due by February 14th). If paid semi-annually, the first payment is usually due February 14, with the remainder payable June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Fairfield, Franklin and Pickaway County Treasurers collect property tax on behalf of the District and the Fairfield, Franklin and Pickaway County Auditors remit the collected taxes to the District. Tax settlements are made each March and August for real property taxes and each June and October for personal property

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 2001 for operations was \$27.00 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2001 taxes were collected were as follows:

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

6. **PROPERTY TAX (Continued)**

Real Property-Commercial/Industrial	\$ 21,827,560
Real Property-Residential/Agricultural	171,188,070
Real Property-Public Utilities	246,800
Real Property-Minerals	9,080
Personal Property-General	10,620,812
Personal Property-Public Utilities	 25,836,440
Total Assessed Value	\$ 229,728,762

7. RECEIVABLES

Receivables at June 30, 2001 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. 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 guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:			
CAFS Subsidy	\$ 4,282		
Property Tax Rollbacks	21		
Total General Fund	4,303		
Special Revenue Funds:			
Federal Grant Payment	37,911		
Total Special Revenue Funds	37,911		
Debt Service Fund:			
Property Tax Rollbacks	7		
Total Debt Service Fund	7		
Proprietary Funds:			
Enterprise Fund 20,			
Internal Service Fund	28,950		
Total Proprietary Fund	49,610		
Grand Total	\$ 91,831		

8. INCOME TAX

The District levies a voted tax of .75 percent for general operations on the income of residents and of estates. The tax was effective on January 1, 1992, and is a continuing tax. Employers of residents are required to withhold income tax on compensation and remit the tax to the State. Taxpayers are required to file an annual return. The State makes quarterly distributions to the District after withholding amounts for administrative fees and estimated refunds. Income tax revenue is credited to the General Fund.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

9. FIXED ASSETS

The following is a summary of the proprietary funds furniture and equipment at June 30, 2001:

	E	interprise Fund	Internal Service Fund		
Furniture and Equipment	\$	310,346	\$	2,589	
Less Accumulated Depreciation		(151,671)		(1,046)	
Net Fixed Assets	\$	158,675	\$	1,543	

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000		Additions Deletions		General Fixed Assets June 30, 2001	
Land and Improvements	\$	89,549	280,000	0	\$	369,549
Buildings		8,860,205	1,084,509	0		9,944,714
Improvements		744,287	0	0		744,287
Furniture and Equipment		4,765,822	483,978	292,806		4,956,994
Vehicles		1,057,137	338,644	171,040		1,224,741
Construction in Progress		0	1,059,801	0		1,059,801
Total General Fixed Assets	\$	15,517,000	3,246,932	463,846	\$	18,300,086

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System (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 North Fourth Street, Columbus, Ohio 43215-3634.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

10. DEFINED BENEFIT PENSION PLANS (Continued)

A. School Employees Retirement System (Continued)

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$302,760, \$238,836 and \$214,716 respectively; 46.54 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$173,921 representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic 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 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,295,400, \$1,209,216 and \$1,053,480, respectively; 83.33 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$215,900 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

11. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost 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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$416,379 for fiscal year 2001.

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

For SERS, coverage is made available to service retirees with ten or more 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$234,472.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

12. COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The administrators are generally granted twenty days of vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the Superintendent. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

The classified personnel accumulate vacation based on the following schedule:

Years	Vacation Days
0-9	10
10-19	15
20-beyond	20

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for all employees, except 12 month administrators, is 210 days; 12 month administrators may accumulate 295 days of sick leave.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up to a maximum of fifty days. Additionally, the teachers of the District receive an additional retirement severance of \$10,000 if retirement is taken the first year of eligibility and a longevity pay of \$1,000 is granted for employees with twenty five or more years of service. The superintendent is entitled to one half of all accumulated sick leave.

13. RISK MANAGEMENT

A. General Risk

The 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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate.

The District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

13. RISK MANAGEMENT (Continued)

A. General Risk (Continued)

The District maintains replacement cost insurance on buildings and contents in the amount of \$35,881,900, including blanket building coverage. Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reduction of coverage from the prior years.

B. Workers' Compensation-Public Entity Risk Pool

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP.

A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

C. Health Insurance

In October, 1994, the District joined the Ross County School Employees Insurance Consortium (the Consortium) to self insure its medical claims. The Consortium currently includes 16 member school districts. Contributions are determined by the Consortium's board of directors and are remitted monthly to the Consortium's fiscal agent, Westfall Local School District, who then pays all incurred claims to the insurance provider Thus actual cash "reserves" are held by the fiscal agent. Settlements have never exceeded insurance coverage.

Professional Risk Management, Inc., a third party administrator, services all health / medical claims and dental claims submitted by employees. An excess coverage insurance policy covers individual claims in excess of \$65,000 per employee consortium wide.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

13. RISK MANAGEMENT (Continued)

C. Health Insurance (Continued)

The District utilizes a self-insurance fund for the purpose of tracking employees withholdings, district contributions made for health/medical claims and premium payments made to the Consortium. Cash reserves held by the Consortium and June 30, 2001 are presented as "Cash with Fiscal Agent" in the self-insurance fund. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Expenses for claims are recorded as purchased services when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for unpaid claims is based on documentation obtained by the insurance carrier and incurred but not paid amounts are provided by the Consortium. A summary of changes in self-insurance claims for the years ended June 30, 2001 and June 30, 2000 follow:

	Jı	une 30, 2001	June 30, 2000		
Claim Liabilities at beginning of fiscal year	\$	232,862	\$	170,264	
Incurred Claims		1,406,838		651,973	
Claims Paid		(1,331,945)		(589,375)	
Claim Liabilities at end of fiscal year	\$	307,755	\$	232,862	

14. NOTES AND LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

		Balance				
	July 1, 2000		Additions	Deletions	Ju	ne 30,2001
Intergovernmental Payable	\$	104,922	108,233	104,922	\$	108,233
General Obligation Bonds Payable		850,000	22,850,286	170,000	2	23,530,286
Notes Payable	2	2,850,666	0	22,850,666		0
Leases Payable		114,518	194,222	114,518		194,222
Compensated Absences Payable		1,369,509	55,561	0		1,425,070
	\$ 2	25,289,615	23,208,302	23,240,106	\$ 2	25,257,811

General Obligation Bonds - 1984: \$680,000 of the outstanding general obligation bonds relate to a project in 1984, for which bonds were issued for the purpose of constructing and equipping a new middle school and improving the site thereof. These bonds mature December 2004, and are in full compliance with the general laws of the State of Ohio, particularly Sections 133.01 to 133.48, inclusive, of the Revised Code and Section 133.09 thereof.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

14. NOTES AND LONG-TERM DEBT (Continued)

The annual maturities of the general obligation bonds as of June 30, 2001, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2002	\$ 170,000	54,293	\$ 224,293
FY 2003	170,000	38,781	208,781
FY 2004	170,000	23,268	193,268
FY 2005	170,000	7,756	177,756
	\$ 680,000	124,098	\$ 804,098

General Obligation Bonds - 2000: The District, in accordance with Ohio Revised Code, particularly Sections 133.01 to 133.48, inclusive and Section 133.09 thereof, sold General Obligation Bonds in the amount of \$22,850,286 on September 5, 2000 at an interest rate of 5.49 percent, for the purpose of school construction and improvements. These bonds will mature on December 1, 2027.

The annual maturities of the general obligation bonds as of June 30, 2001, and related interest payments are as follows:

	Principal	Interest	Payment
FY 2002	\$ 305,000	1,149,121	\$ 1,454,121
FY 2003	350,000	1,134,951	1,484,951
FY 2004	515,000	1,116,138	1,631,138
FY 2005	570,000	1,092,396	1,662,396
FY 2006 and thereafter	21,110,286	17,223,946	38,334,232
	\$22,850,286	21,716,552	\$ 44,566,838

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District 's unvoted debt limit is \$229,728. The voted debt limit at June 30, 2001 is \$20,675,589.

Leases:

The District is making installment payments on six copiers. This equipment has been capitalized in the general fixed assets account group. This obligation has an outstanding balance of \$194,222 at June 30, 2001.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

14. NOTES AND LONG-TERM DEBT (Continued)

			• .	_
		Principal	Interest	Payment
FY 2002	\$	36,317	14,226	\$ 50,543
	Ψ		,	+,
FY 2003		39,330	11,212	50,542
FY 2004		42,595	7,947	50,542
FY 2005		46,130	4,412	50,542
FY 2006		29,850	833	30,683
	\$	194,222	38,630	\$ 232,852

Payment for the installment purchase obligations as of June 30, 2001:

The District made its final payment of \$27,245 for computer equipment during FY 2001. This equipment has been capitalized in the general fixed assets account group.

15. INTERFUND TRANSACTIONS

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

	D	ue From		Due To
General Fund	\$	0	\$	254,164
Special Revenue Funds		0		11,262
Capital Projects Funds		0		75
Enterprise Funds		0		209
Agency Funds		265,710		0
	\$	265,710	\$	265,710
	Re	eceivable	F	Payables
General Fund	\$	10,000	\$	0
Special Revenue Fund		0		10,000
	\$	10,000	\$	10,000

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

16. JOINTLY GOVERNED ORGANIZATIONS

Metropolitan Educational Council - MEC is a not for profit educational council whose primary purpose and objective is to contribute to the educational services available to school districts in Franklin County and surrounding areas by cooperative action membership. The governing board consists of a representative from each of the Franklin County districts. Districts outside of Franklin County are associate members and each county selects a single district to represent them on the governing board. MEC is it's own fiscal agent. The District does not have an ongoing financial interest in or ongoing financial responsibility for MEC. MEC provides computer services to the District. During 2001, the District paid \$13,015 to MEC.

17. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom	Uniform School Supply	
	Fund	Fund	Total
Operating Revenues	\$ 519,565	6,279	\$ 525,844
Operating Expenses:			
Depreciation	(6,115)	0	(6,115)
Other Expenses	(730,708)	(13,457)	(744,165)
Total Operating Expenses	(736,823)	(13,457)	(750,280)
Operating Loss	(217,258)	(7,178)	(224,436)
Non Operating Revenues and Expenses:			
State and Federal Grants	187,723	0	187,723
Federal Commodities	60,882	0	60,882
Other Net	12,752	0	12,752
Loss on Disposal of Assets	(3,184)	0	(3,184)
Net Income	\$ 40,915	(7,178)	\$ 33,737
Contributed Capital	\$ 147,342	0	\$ 147,342
Fixed Asset Additions	\$ 7,553	0	\$ 7,553
Fixed Asset Disposals	\$ 7,299	0	\$ 7,299
Net Working Capital	\$ 191,120	5,496	\$ 196,616
Total Assets	\$ 445,472	5,496	\$ 450,968
Retained Earnings	\$ 202,452	5,496	\$ 207,948

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

18. CONTINGENCIES

Grants

The District received financial assistance from federal and state agencies in the form of grants. The disbursement 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 District at June 30, 2001.

19. SCHOOL FUNDING 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 Educational Service District. During the fiscal year ended June 30, 2001, the Educational Service District received \$3,074,671 of school foundation support for its general fund.

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

The Court decided to maintain jurisdiction over these issues and continued the case.

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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

20. STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into the textbook and capital reserves. Although Ohio Rev. Code Section 5705.29 has been repealed, the District has chosen to maintain the budget reserve, as allowable under Senate Bill 345. The budget reserve is comprised of two parts: the Bureau of Workers Compensation refund/rebate and reserves established under Ohio Rev. Code Section 5705.29. Expenditures from the budget reserve are limited as to their use by state law. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Textbook Acquisition		Capital Acquisition		Budget Stabilization			Total
Set aside Cash Balance as of June 30, 2000	\$	21,274	\$	0	\$	212,195	\$	233,469
Current Year Set-Aside Requirement		351,781	3	51,781		0		703,562
Qualifying Disbursements		(525,545)	(1,6	32,180)		(134,742)	(2	2,292,467)
Total	\$	(152,490)	(1,2	80,399)		77,453	\$(1	,355,436)
Cash Balance Carried Forward to FY2002	\$	0	\$	0	\$	77,453		
Amount Restricted for Budget Stab	ilizati	on					\$	77,453
Total Restricted Assets							\$	77,453

The District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero. The amount in excess of current set-aside requirement may be used to reduce the set-aside requirement of future years.

21. FUND DEFICITS

Fund Deficits:

Fund balances at June 30, 2001, included the following fund deficits:

High School Tech Prep	\$ (10)
Local Professional Development Grant	\$ (120)
Title I Grant	\$ (14,341)
Title VI-R Grant	\$ (2,707)

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS YEAR ENDED JUNE 30, 2001 (Continued)

21. FUND DEFICITS (Continued)

The deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

22. SUBSEQUENT EVENT

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

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of November 2, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the School Districts that are used as the basis for determining the base coast support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

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

Federal Grantor/Pass-Through Grantor/Program Title	Pass-Through Entity Number	Federal C.F.D.A. Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. Department of Agriculture Passed through Ohio Department of Education:	_					
Nutrition Cluster:						
Food Distribution (See Note "B")		10.550	\$0	\$61,393	\$0	\$60,882
National School Breakfast Program	05-PU 2001	10.553	6,057	0	6,057	0
National School Lunch Program	LL-P4-2001	10.555	174,994	0	174,994	0
Total U.S. Department of Agriculture- Child Nutrition Cluster			181,051	61,393	181,051	60,882
U.S. Department of Education Pass through the Ohio Department of Education:	_					
Title I Grants to Local Education Agencies	C1-S1 2001	84.010	265,893	0	233,014	0
	C1-S1-2000		39,018	0	73,061	0
Safe and Drug Free Schools and Communities	DR-S1 2001	84.186	11,786	0	9,660	0
	DR-S1 2000		0	0	1,831	0
Eisenhower Professional Development	MS-S1 2001	84.281	11,046	0	5,771	0
	MS-S1 2000				3,844	0
Innovative Educational Program Strategy	C2-S1 2001	84.298	14,065	0	12,928	0
	C2-S1 2000		0	0	2,365	0
	C2-S1 1999		1,880	0	2,920	0
Class Size Reduction	CR-S1 01	84.340	60,500	0	65,959	0
Special Education Cluster:						
Special Education Preschool Grants	PG-S1 01	84.173	13,241	0	13,409	0
Special Education Grants to States	6B-SF 01	84.027	138,073	0	122,905	0
Special Education Grants to States	6B-SF 00		5,158	0	11,998	0
Total Special Education Cluster			156,472		148,312	0
Total U.S. Department of Education			560,660	0	559,665	0
U.S. Department of Human Services Pass through Ohio Department of MR/DD	-					
Medical Assistance Program (CAFS)		93.778	82,125		82,125	
Total Federal Awards			823,836	\$61,393	\$822,841	\$60,882

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

NOTES TO THE FEDERAL AWARDS RECEIPTS AND EXPENDITURES FOR FISCAL YEAR ENDING JUNE 30, 2001

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the Districts federal award programs. The schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed.



STATE OF OHIO OFFICE OF THE AUDITOR 35 North Fourt⊦ Street Columbus, Ohio 43215 Telephone 614-466-3402 800-443-9275 Facsimile 614-728-7199 www.auditor.state.oh.us

JIM PETRO, AUDITOR OF STATE

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

Board of Education Teays Valley Local School District Pickaway County 385 Circleville Avenue Ashville, Ohio 43103

We have audited the general-purpose financial statements of the Teays Valley Local School District (the District) as of and for the year ended June 30, 2001, and have issued our report thereon dated November 2, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

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

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a certain 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 November 2, 2001. Board of Education Teays Valley Local School District Pickaway County Report on Compliance and on Internal Control Required by *Government Auditing Standards* Page 2

This report is intended for the information and use of the management, 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

November 2, 2001



STATE OF OHIO OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

35 North Fourth Street Columbus, Ohio 43215 Telephone 614-466-3402 800-443-9275 Facsimile 614-728-7199 www.auditor.state.oh.us

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

Board of Education Teays Valley Local School District Pickaway County 385 Circleville Avenue Ashville, Ohio 43103

Compliance

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

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

Teays Valley Local District Pickaway County Report on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance In Accordance With OMB Circular A-133 Page 2

Internal Control Over Compliance

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 2001. The management of the District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended for the information and use of the management, 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

November 2, 2001

SCHEDULE OF FINDINGS OMB CIRCULAR A-133 § .505 JUNE 30, 2001

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO OFFICE OF THE AUDITOR

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TEAYS VALLEY LOCAL SCHOOL DISTRICT

PICKAWAY 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 DECEMBER 18, 2001