



**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE FISCAL YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

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

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 28, 2001, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements of the School District, taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of 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. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly presented in all material respects in relation to the general purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 28, 2001

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Assets and Other Debits:			
Assets:			
Equity in Pooled Cash and Cash Equivalents	\$175,558	\$466,858	\$279,629
Receivables:			
Taxes	2,375,331		
Accounts		10	
Intergovernmental	12,653	67,589	
Interfund	711,486		
Accrued Interest		269	
Prepaid Items	18,802		
Inventory Held for Resale			
Inventory	2,580		
Restricted Assets:			
Equity in Pooled Cash and Cash Equivalents	162,708		
Fixed Assets (Net, where applicable, of Accumulated Depreciation)			
Other Debits:			
Amount to be Provided from General Government Resources			
Total Assets and Other Debits	\$3,459,118	\$534,726	\$279,629

<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$37,480	\$137,971			\$1,097,496
				2,375,331
				10
28,253				108,495
				711,486
				269
				18,802
14,356				14,356
1,461				4,041
				162,708
40,347		8,381,669		8,422,016
			1,489,313	1,489,313
<u>\$121,897</u>	<u>\$137,971</u>	<u>\$8,381,669</u>	<u>\$1,489,313</u>	<u>\$14,404,323</u>

(continued)

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000
(Continued)**

	Governmental Fund Types		
	General	Special Revenue	Capital Projects
Liabilities, Fund Equity and Other Credits:			
Liabilities:			
Accounts Payable	\$7,430	\$2,994	\$
Contracts Payable			\$44,423
Accrued Wages Payable	703,853	68,660	
Compensated Absences Payable	13,373		
Interfund Payable		525,111	103,991
Retainage Payable			4,936
Intergovernmental Payable	193,232	29,749	110
Deferred Revenue	2,327,290		
Due to Students			
Capital Leases Payable			
Energy Conservation Notes Payable			
General Obligation Bonds Payable			
Total Liabilities	3,245,178	626,514	153,460
Fund Equity and Other Credits:			
Investment in General Fixed Assets			
Contributed Capital			
Retained Earnings:			
Unreserved (Deficits)			
Fund Balance:			
Reserved for Encumbrances	29,452	25,767	92,696
Reserved for Inventory	2,580		
Reserved for Contributions			
Reserved for Property Taxes	48,041		
Reserved for School Bus Purchases	65,701		
Reserved for Textbooks and Instruction	34,061		
Reserved for Budget Stabilization	62,946		
Unreserved Designated	52,510		
Unreserved:			
Undesignated (Deficit)	(81,351)	(117,555)	33,473
Total Fund Equity (Deficit) and Other Credits	213,940	(91,788)	126,169
Total Liabilities, Fund Equity and Other Credits	\$3,459,118	\$534,726	\$279,629

See accompanying notes to the general purpose financial statements.

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$	\$30	\$	\$	\$10,454
				44,423
22,002				794,515
19,609			1,040,822	1,073,804
82,384				711,486
				4,936
27,668			121,721	372,480
8,040				2,335,330
	46,606			46,606
			10,475	10,475
			37,747	37,747
			278,548	278,548
<u>159,703</u>	<u>46,636</u>	<u>0</u>	<u>1,489,313</u>	<u>5,720,804</u>
		8,381,669		8,381,669
169,829				169,829
(207,635)				(207,635)
				147,915
				2,580
	77,520			77,520
				48,041
				65,701
				34,061
				62,946
				52,510
	13,815			(151,618)
<u>(37,806)</u>	<u>91,335</u>	<u>8,381,669</u>	<u>0</u>	<u>8,683,519</u>
<u>\$121,897</u>	<u>\$137,971</u>	<u>\$8,381,669</u>	<u>\$1,489,313</u>	<u>\$14,404,323</u>

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Expendable Trust	
Revenues:					
Taxes	\$2,277,615	\$	\$	\$	\$2,277,615
Intergovernmental	6,165,011	1,454,142	199,243		7,818,396
Interest	74,923	2,491			77,414
Tuition and Fees	5,870	10			5,880
Rent	91,080				91,080
Extracurricular Activities		226,448			226,448
Miscellaneous	16,217	12,018		684	28,919
Total Revenues	8,630,716	1,695,109	199,243	684	10,525,752
Expenditures:					
Current:					
Instruction:					
Regular	3,902,082	966,427	34,953		4,903,462
Special	886,951	680,609			1,567,560
Vocational	204,677				204,677
Adult/Continuing		81,626			81,626
Support Services:					
Pupils	436,540	114,075			550,615
Instructional Staff	269,981	144,888			414,869
Board of Education	144,213	1,893		425	146,531
Administration	857,399	14,847	5,859		878,105
Fiscal	284,776	5,288	9,519		299,583
Operation and Maintenance of Plant	1,228,061	28,937	49,862		1,306,860
Pupil Transportation	368,943	616			369,559
Central	64,864				64,864
Operation of Non-Instructional Services		94,045			94,045
Extracurricular Activities	125,514	219,123			344,637
Debt Service:					
Principal Retirement	46,810				46,810
Interest and Fiscal Charges	18,103				18,103
Total Expenditures	8,838,914	2,352,374	100,193	425	11,291,906
Excess of Revenues Over (Under) Expenditures	(208,198)	(657,265)	99,050	259	(766,154)
Other Financing Sources (Uses):					
Operating Transfers In		14,050			14,050
Operating Transfers Out	(14,048)	(2)			(14,050)
Total Other Financing Sources (Uses)	(14,048)	14,048	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(222,246)	(643,217)	99,050	259	(766,154)
Fund Balances (Deficit) at Beginning of Year - as Restated - See Note 3	443,109	551,429	27,119	174	1,021,831
Decrease in Reserve for Inventory	(6,923)				(6,923)
Fund Balances at End of Year	\$213,940	(\$91,788)	\$126,169	\$433	\$248,754

See accompanying notes to the general purpose financial statements.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	General		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$2,339,617	\$2,414,298	\$74,681
Intergovernmental	6,172,144	6,173,065	921
Interest		75,473	75,473
Tuition and Fees		5,870	5,870
Extracurricular Activities			
Miscellaneous	610,810	116,398	(494,412)
Total Revenues	9,122,571	8,785,104	(337,467)
Expenditures:			
Current:			
Instruction:			
Regular	4,112,202	4,024,721	87,481
Special	912,546	901,844	10,702
Vocational	217,475	208,407	9,068
Adult/Continuing			
Support Services:			
Pupils	451,085	454,002	(2,917)
Instructional Staff	261,511	272,062	(10,551)
Board of Education	154,702	152,025	2,677
Administration	861,419	855,204	6,215
Fiscal	361,637	286,417	75,220
Other	21,158		21,158
Operation and Maintenance of Plant	1,401,367	1,309,966	91,401
Pupil Transportation	411,572	393,298	18,274
Central	49,797	61,789	(11,992)
Operation of Non-Instructional Services			
Extracurricular Activities	133,664	126,591	7,073
Debt Service:			
Principal Retirement	46,810	46,810	0
Interest and Fiscal Charges	18,103	18,103	0
Total Expenditures	9,415,048	9,111,239	303,809
Excess of Revenues Over (Under) Expenditures	(292,477)	(326,135)	(33,658)
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures		52	52
Advances In			
Advances Out	(115,385)	(436,940)	(321,555)
Operating Transfers In		407,358	407,358
Operating Transfers Out	(377,901)	(421,407)	(43,506)
Total Other Financing Sources (Uses)	(493,286)	(450,937)	42,349
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(785,763)	(777,072)	8,691
Fund Balances at Beginning of Year	876,313	876,313	0
Prior Year Encumbrances Appropriated	201,540	201,540	0
Fund Balances (Deficits) at End of Year	\$292,090	\$300,781	\$8,691

(Continued)

See accompanying notes to the general purpose financial statements.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$	\$	\$
Intergovernmental		1,486,451	1,486,451
Interest		1,995	1,995
Tuition and Fees			
Extracurricular Activities		227,643	227,643
Miscellaneous	1,588,000	12,151	(1,575,849)
Total Revenues	1,588,000	1,728,240	140,240
Expenditures:			
Current:			
Instruction:			
Regular	86,008	962,216	(876,208)
Special	708,808	694,212	14,596
Vocational			
Adult/Continuing	83,736	83,433	303
Support Services:			
Pupils	234,563	111,770	122,793
Instructional Staff	308,982	143,616	165,366
Board of Education		1,893	(1,893)
Administration	44,575	16,342	28,233
Fiscal	2,325	5,282	(2,957)
Other	3,433		3,433
Operation and Maintenance of Plant	9,444	29,124	(19,680)
Pupil Transportation		609	(609)
Central	137,672		137,672
Operation of Non-Instructional Services	81,087	95,830	(14,743)
Extracurricular Activities	219,703	241,617	(21,914)
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	1,920,336	2,385,944	(465,608)
Excess of Revenues Over (Under) Expenditures	(332,336)	(657,704)	(325,368)
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures			
Advances In		436,485	436,485
Advances Out	(123,763)		123,763
Operating Transfers In		14,002	14,002
Operating Transfers Out	(371)	(2)	369
Total Other Financing Sources (Uses)	(124,134)	450,485	574,619
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(456,470)	(207,219)	249,251
Fund Balances at Beginning of Year	588,954	588,954	0
Prior Year Encumbrances Appropriated	47,507	47,507	0
Fund Balances (Deficits) at End of Year	\$179,991	\$429,242	(\$249,251)

Capital Projects Funds			Expendable Trust Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
	249,243	249,243	\$	\$	
				684	684
0	249,243	249,243	0	684	684
	35,103	(35,103)			
	5,859	(5,859)		413	(413)
	9,410	(9,410)			
	93,198	(93,198)			
			908		908
0	143,570	(143,570)	908	413	495
0	105,673	392,813	(908)	271	1,179
	503	503			
0	503	503	0	0	0
	106,176	393,316	(908)	271	1,179
80,607	80,607	0	192	192	0
150	150	0	0	0	0
\$80,757	\$186,933	\$267,690	(\$716)	\$463	\$1,179

(Continued)

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Taxes	\$2,339,617	\$2,414,298	\$74,681
Intergovernmental	6,172,144	7,908,759	1,736,615
Interest		77,468	77,468
Tuition and Fees		5,870	5,870
Extracurricular Activities		227,643	227,643
Miscellaneous	2,198,810	129,233	(2,069,577)
Total Revenues	10,710,571	10,763,271	52,700
Expenditures:			
Current:			
Instruction:			
Regular	4,198,210	5,022,040	(823,830)
Special	1,621,354	1,596,056	25,298
Vocational	217,475	208,407	9,068
Adult/Continuing	83,736	83,433	303
Support Services:			
Pupils	685,648	565,772	119,876
Instructional Staff	570,493	415,678	154,815
Board of Education	154,702	154,331	371
Administration	905,994	877,405	28,589
Fiscal	363,962	301,109	62,853
Business	24,591		24,591
Operation and Maintenance of Plant	1,410,811	1,432,288	(21,477)
Pupil Transportation	411,572	393,907	17,665
Central	187,469	61,789	125,680
Operation of Non-Instructional Services	81,995	95,830	(13,835)
Extracurricular Activities	353,367	368,208	(14,841)
Debt Service:			
Principal Retirement	46,810	46,810	0
Interest and Fiscal Charges	18,103	18,103	0
Total Expenditures	11,336,292	11,641,166	(304,874)
Excess of Revenues Over (Under) Expenditures	(625,721)	(877,895)	357,574
Other Financing Sources (Uses):			
Refund of Prior Year Expenditures		52	52
Advances In		436,988	436,988
Advances Out	(239,148)	(436,940)	(197,792)
Operating Transfers In		421,360	421,360
Operating Transfers Out	(378,272)	(421,409)	(43,137)
Total Other Financing Sources (Uses)	(617,420)	51	617,471
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,243,141)	(877,844)	652,437
Fund Balances at Beginning of Year	1,546,066	1,546,066	0
Prior Year Encumbrances Appropriated	249,197	249,197	0
Fund Balances (Deficits) at End of Year	\$552,122	\$917,419	(\$365,297)

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES
EXPENSES AND CHANGES IN FUND EQUITY/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Operating Revenues:			
Sales	\$338,671	\$	\$338,671
Interest		3,945	3,945
Other Revenues	4,757		4,757
Contributions and Donations		32	32
Total Operating Revenues	<u>343,428</u>	<u>3,977</u>	<u>347,405</u>
Operating Expenses:			
Salaries	175,501		175,501
Fringe Benefits	51,059		51,059
Purchased Services	5,154		5,154
Materials and Supplies	92,566		92,566
Cost of Sales	272,711		272,711
Depreciation	4,372		4,372
Other Expenses		1,207	1,207
Total Operating Expenses	<u>601,363</u>	<u>1,207</u>	<u>602,570</u>
Operating Income (Loss)	<u>(257,935)</u>	<u>2,770</u>	<u>(255,165)</u>
Non-Operating Revenues:			
Federal Donated Commodities	28,663		28,663
Interest Income	2,576		2,576
Operating Grants	239,494		239,494
Total Non-Operating Revenues	<u>270,733</u>	<u>0</u>	<u>270,733</u>
Net Income (Loss)	12,798	2,770	15,568
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - as Restated See Note 3	<u>(220,433)</u>	<u>88,132</u>	<u>(132,301)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(207,635)	90,902	(116,733)
Contributed Capital at Beginning and End of Year	<u>169,829</u>	<u>0</u>	<u>169,829</u>
Fund Equity (Deficit)/Fund Balance at End of Year	<u>(\$37,806)</u>	<u>\$90,902</u>	<u>\$53,096</u>

See accompanying notes to the general purpose financial statements.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$	\$280,758	\$280,758
Other	420,000	57,914	(362,086)
Interest Income		7,333	7,333
Operating Grants		241,390	241,390
	420,000	587,395	167,395
Expenses:			
Salaries	200,871	181,755	19,116
Fringe Benefits	57,257	52,189	5,068
Purchased Services	7,454	5,153	2,301
Materials and Supplies	166,711	357,893	(191,182)
Capital Outlay	3,162	9,414	(6,252)
	435,455	606,404	(170,949)
Excess of Revenues Over/Under Expenses	(15,455)	(19,009)	(3,554)
Fund Equity at Beginning of Year	31,140	31,140	0
Prior Year Encumbrances Appropriated	25,174	25,174	0
Fund Equity (Deficit) at End of Year	\$40,859	\$37,305	(\$3,554)

See accompanying notes to the general purpose financial statements.

Nonexpendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 3,497	\$ 32	\$ (3,465)	\$ 423,497	\$280,758	\$280,758
	3,945	3,945		57,946	(365,551)
				11,278	11,278
				241,390	241,390
<u>3,497</u>	<u>3,977</u>	<u>480</u>	<u>423,497</u>	<u>591,372</u>	<u>167,875</u>
			200,871	181,755	19,116
			57,257	52,189	5,068
			7,454	5,153	2,301
	1,207	(1,207)	166,711	359,100	(192,389)
			3,162	9,414	(6,252)
<u>0</u>	<u>1,207</u>	<u>(1,207)</u>	<u>435,455</u>	<u>607,611</u>	<u>(172,156)</u>
3,497	2,770	(727)	(11,958)	(16,239)	(4,281)
88,653	88,653	0	119,793	119,793	0
			25,174	25,174	0
<u>\$92,150</u>	<u>\$91,423</u>	<u>(\$727)</u>	<u>\$133,009</u>	<u>\$128,728</u>	<u>(\$4,281)</u>

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Non- expendable Trust	
Increase (Decrease) in Cash and Cash Equivalents:			
Cash Flows from Operating Activities:			
Cash Received from Customers	\$338,671	\$	\$338,671
Cash Payments to Suppliers for Goods and Services	(344,331)	(1,207)	(345,538)
Cash Payments for Employee Services and Benefits	(233,943)		(233,943)
Other Operating Revenue	4,757	32	4,789
	(234,846)	(1,175)	(236,021)
Net Cash Used for Operating Activities			
Cash Flows from Noncapital Financing Activities:			
Operating Grants Received	241,390		241,390
	241,390		241,390
Cash Flows from Capital and Related Financing Activities:			
Payments for Capital Acquisitions	(27,955)		(27,955)
	(27,955)		(27,955)
Cash Flows from Investing Activities			
Interest Income	2,576	3,945	6,521
	2,576	3,945	6,521
Net Increase (Decrease) in Cash and Cash Equivalents	(18,835)	2,770	(16,065)
Cash and Cash Equivalents at Beginning of Year	56,315	88,132	144,447
	56,315	88,132	144,447
Cash and Cash Equivalents at End of Year	\$37,480	\$90,902	\$128,382
Reconciliation of Operating Loss to Net Cash Used for Operating Activities:			
Operating Loss	(\$257,935)	\$2,770	(\$255,165)
	(\$257,935)	\$2,770	(\$255,165)
Adjustments to Reconcile Operating Loss to Net Cash Used for Operating Activities:			
Depreciation	4,372		4,372
Donated Commodities Used During Year	28,663		28,663
Interest		(3,945)	(3,945)
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	(1,376)		(1,376)
Increase in Materials and Supplies Inventory	(1,187)		(1,187)
Decrease in Accrued Wages and Benefits Payable	(3,204)		(3,204)
Decrease in Compensated Absences Payable	(119)		(119)
Decrease in Intergovernmental Payable	(4,060)		(4,060)
	(10,946)		(10,946)
Total Adjustments	23,089	(3,945)	19,144
	23,089	(3,945)	19,144
Net Cash Used for Operating Activities	(\$234,846)	(\$1,175)	(\$236,021)

Noncash Activity:

The General Fixed Assets Account Group received \$3,881 in fixed assets from the Transportation Enterprise Fund during fiscal year 2000.

See accompanying notes to the general purpose financial statements.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

Ironton City School 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 School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's five instructional/support facilities staffed by 75 noncertified, 125 certificated full time teaching personnel and ten administrators who provide services to 1,720 students.

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

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

The following activities are included within the reporting entity.

Parochial Schools Within the School District boundaries, St. Lawrence Elementary and St. Joseph High School are operated through the Steubenville Catholic Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. The activity of these State monies by the School District is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with three organizations, two of which are defined as jointly governed organizations and one as an insurance purchasing pool. These organizations are presented in Note 10 to the general purpose financial statements. These organizations are:

Jointly Governed Organizations:

Lawrence County Joint Vocational School District
South Central Ohio Computer Association

Insurance Purchasing Entity Risk Pools:

Ohio School Boards Association Workers' Compensation Group Rating Program

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations. An account group 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.

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

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

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

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

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds Enterprise funds are used to account for 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

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

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

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

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

C. Budgetary Data

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Appropriations Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriations or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds consistent with statutory provisions. Prior to June 30, the Board passed an appropriation resolution which matched actual expenditures during the fiscal year.

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

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

D. Cash and Cash Equivalents

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The School District utilizes a financial institution to service bonded debt as principal and interest payments come due. The balance in this account is presented on the combined balance sheet as "cash and cash equivalents with fiscal and escrow agents" and represents matured interest payable.

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 School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

During fiscal year 2000, investments were limited to nonnegotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during fiscal year 2000 amounted to \$74,923, which includes \$48,168 assigned from other School District funds.

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and 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 fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

Improvements are capitalized. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. Interest incurred during the construction of general fixed assets is also not capitalized.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

H. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- School Bus Purchase

Special Revenue Funds

- Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

- Title VI-B
- Title I
- Title VI
- Preschool
- Educational Management Information System
- Professional Development
- Auxiliary Services
- Drug Free
- Eisenhower

Federal Grants

- Adult Basic Literacy Education
- Goals 2000
- Raising the Bar
- Comprehensive School Reform
- Class Size Reduction
- Medical Assistance Title XIX
- Learn and Serve America

Capital Projects Fund

- School Net
- School Net Plus

Proprietary Funds

- National School Breakfast Program
- National School Lunch Program
- Government Donated Commodities

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Grants and entitlements amounted to seventy-three percent of governmental fund revenue during the 2000 fiscal year.

I. Short-term Interfund Assets/Liabilities

Short-term interfund loans are classified as "interfund receivables/payables."

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributed to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the School District has identified as probable of receiving payments in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the school district's termination policy. The School District records a liability for accumulated unused sick leave for employees after 15 years of service.

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

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, compensated absences, contractually required pension contributions and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. In general, amounts paid after sixty days are considered not to have been paid with current available financial resources. Bonds, notes, and capital leases are recognized as a liability of the general long-term obligations account group until due.

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

L. Interfund Transactions

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

M. Fund Balance Reserves

The School District reserves fund balance for amounts that are legally segregated for specific purpose or which are not available for appropriation. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, budget stabilization, textbook and instructional materials, school bus purchases, contributions and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for contributions represents the non-expendable portion of the School District's scholarship funds. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

N. Contributed Capital

Contributed capital represents resources from other funds, other governments and private sources provided to the enterprise funds that are not subject to repayment. These assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. There was no change in contributed capital during the fiscal year.

Because the School District did not prepare financial statements in accordance with generally accepted accounting principles prior to fiscal year 1994, the exact amount of contributed capital cannot be determined. Consequently, only those amounts that have been specifically identified have been classified as contributed capital in the accompanying financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

O. Restricted Assets

Restricted assets in the General Fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses, and amounts required by statute to be set-aside by the School District for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 20 for additional information regarding set-asides.

P. Estimates

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

Q. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserve for budget stabilization required by State statute.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

R. Total Columns on General Purpose Financial Statements

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

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES

In prior years, the following areas were misstated: intergovernmental receivable, intergovernmental payable, and contracts payable. Also, a portion of General Fund activity was reported as special revenue. The effect of these on the excess of revenues and other financing sources over (under) expenditures and other uses as previously reported for the year ended June 30, 1999 is as follows:

	General	Special Revenue	Capital Projects
Excess as previously reported	\$189,125	\$246,702	(\$368,415)
Restatement of Intergovernmental Receivable	0	25,000	(25,000)
Restatement of Contracts Payable	(12,319)	0	12,319
Restatement of Intergovernmental Payable	(4,536)	4,536	0
Restated Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses	<u>\$172,270</u>	<u>\$276,238</u>	<u>(\$381,096)</u>

The change in intergovernmental receivable, intergovernmental payable, interfund activity and contracts payable had the following effects on fund balance as it was previously reported as of June 30, 1999.

	General	Special Revenue	Debt Service	Capital Projects
Balances as previously reported	\$487,174	\$504,108	(\$9,425)	\$39,800
Cash Balance improperly classified	2,055	(2,055)	0	0
Interfund activity improperly recorded	(29,265)	19,840	9,425	0
Restatement of Intergovernmental Receivable	0	25,000	0	(25,000)
Restatement of Contracts Payable	(12,319)	0	0	12,319
Restatement of Intergovernmental Payable	(4,536)	4,536	0	0
Restated Balances as of June 30, 1999	<u>\$443,109</u>	<u>\$551,429</u>	<u>\$0</u>	<u>\$27,119</u>

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 3 - RESTATEMENT OF PRIOR YEAR BALANCES (Continued)

Also, in the prior year, fixed assets were misstated in the Enterprise Fund. This had the following effect on retained earnings as it was previously reported as of June 30, 1999.

Retained Earnings as Previously Reported	\$(204,070)
Fixed Assets Improperly Recorded	<u>(16,363)</u>
Restated Retained Earnings as of June 30, 1999	<u><u>\$(220,433)</u></u>

NOTE 4 - ACCOUNTABILITY AND COMPLIANCE

Fund Deficits

The following funds had deficit fund balance/retained earnings at June 30, 2000:

	Deficit Fund Balance/ Retained Earnings
Special Revenue Funds:	
DPIA	\$6,922
Title VI-B	59,606
Title I	434,837
Capital Projects Funds:	
ADA Grant	49,862
Emergency Building Repair Grant	26,817
Enterprise Fund:	
Food Service	191,614

The deficits in the special revenue and capital project funds resulted from expenditures made in excess of available revenues. The General Fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

The School District is analyzing the Food Service Enterprise Fund operations to determine appropriate steps to alleviate the deficit.

Amounts in the SCOCA system varied from those amounts used in the Board approved budgetary reports. This variance resulted in several recommendations and citations as well as necessary adjustments made to the Budget Versus Actual Statements.

The School District had several funds during the year with negative fund balances contrary to Ohio Rev. Code Section 5705.10.

The School District approved appropriations in several funds which exceeded estimated resources contrary to Ohio Rev. Code Section 5705.39.

The School District made expenditures which exceeded appropriations in several funds contrary to Ohio Rev. Code Section 5705.41(B).

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING

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

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$222,246)	(\$643,217)	\$99,050	\$259
Revenue Accruals	154,440	24,139	50,000	0
Prepaid Items	(18,802)	0	0	0
Unrecorded Cash	0	8,944	0	0
Advance In	0	436,485	503	0
Expenditure Accruals	(216,035)	(4,901)	49,319	12
Advance Out	(436,941)	0	0	0
Encumbrances	(37,488)	(28,669)	(92,696)	0
Budget Basis	(\$777,072)	(\$207,219)	\$106,176	\$271

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)

	Net Income/Excess of Revenues and Operating Transfers Over Expenses Proprietary Fund Type and Similar Trust Fund	
	Enterprise	Nonexpendable Trust
GAAP Basis	\$12,798	\$2,770
Revenue Accruals	(26,767)	0
Expense Accruals	(9,238)	0
Depreciation Expense	4,372	0
Encumbrances	(174)	0
Budget Basis	(\$19,009)	\$2,770

NOTE 6 - DEPOSITS AND INVESTMENTS

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

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

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

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

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

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

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,260,204 and the bank balance was \$1,700,224. Of the bank balance:

1. \$160,189 was covered by federal depository insurance; and
2. \$1,540,035 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 7 - PROPERTY TAXES

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

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

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

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

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

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

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

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

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$96,584,560	78%	\$95,467,950	76%
Public Utility Personal	9,692,500	8	8,900,450	7
Tangible Personal Property	17,975,500	14	20,626,380	17
Total	\$124,252,560	100%	\$124,994,780	100%
Tax rate per \$1,000 of assessed valuation	\$25.00		\$25.00	

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 7 - PROPERTY TAXES (Continued)

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$48,041 and is recognized as revenue in the General Fund.

NOTE 8 - RECEIVABLES

Receivables at June 30, 2000, consisted of taxes, accounts (rent and tuition), intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Community Alternative Funding System	\$12,653
Special Revenue Fund:	
Title VI-B	67,589
Enterprise Fund:	
National School Lunch Reimbursement	28,253
Total Intergovernmental Receivables	\$108,495

NOTE 9 - FIXED ASSETS

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

Furniture and Equipment	\$182,226
Less: accumulated depreciation	(141,879)
Net Fixed Assets	\$40,347

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

	Balance 6/30/99	Additions	Deductions	Balance 6/30/00
Land and Improvements	\$321,591	\$0	\$0	\$321,591
Buildings and Improvements	3,317,264	97,543	0	3,414,807
Furniture, Fixtures and Equipment	2,861,709	129,805	55,407	2,936,107
Vehicles	718,800	0	0	718,800
Textbooks	810,259	137,955	7,209	941,005
Construction in Progress	89,530	49,359	89,530	49,359
Total General Fixed Assets	\$8,119,153	\$414,662	\$152,146	\$8,381,669

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS

A. Jointly Governed Organizations

The Lawrence County Joint Vocational School District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from Chesapeake-Union Exempted Village School District, two from the Ironton City School District and two from the Lawrence County Educational Service Center, which possesses its own budgeting and taxing authority. To obtain financial information write to the Lawrence County Joint Vocational School District, 11627 State Route 243, Chesapeake, Ohio 45619.

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. Ironton City School District paid \$3,440 for services provided during fiscal year 2000. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

B. Insurance Purchasing Pool

The School 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 OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

NOTE 11 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 2000, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$1,000 deductible.

Professional liability is protected by The Nationwide Insurance Company with a \$1,000,000 single occurrence limit and no deductible. Vehicles are covered by Nationwide Insurance and hold no deductible for comprehensive and \$100 deductible for collision. Automobile liability has a \$1,000,000 combined single limit of liability. Settled claims have not exceeded this commercial coverage in any of the past five years. There has not been a significant reduction in coverage from the prior year.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 11 - RISK MANAGEMENT (Continued)

For fiscal year 2000, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School 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 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.

NOTE 12 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$88,074, \$89,124, and \$127,165, respectively; 28.38 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$51,133 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$332,988, \$281,386, and \$552,678, respectively; 84.07 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$52,833 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

NOTE 13 - POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$442,082 for fiscal year 2000.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase from 6.3 percent for fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$168,170.

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 14 - OTHER EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn five to twenty-five days of vacation per year, depending upon length of service. Accumulated unused vacation time is paid to classified employees upon termination of employment. Teachers and administrators, who are not on a twelve month contract, do not earn vacation time. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth days per month. There is no limit to the amount of sick leave that may be accumulated. Upon retirement, payment is made for one-fourth of the total sick leave accumulation, up to a maximum of 55 days.

B. Health Care Benefits

The School District provides life insurance and accidental death and dismemberment insurance to certified and administrative employees through Anthem Insurance Inc., in the amount of \$25,000 and \$10,000, respectively.

Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$699 for family coverage and \$265 for single coverage. The School District pays 85% of these premiums.

NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE

In prior years, the School District entered into capitalized leases for six copiers and computer equipment. The leases meet the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the general purpose financial statements. These expenditures are reflected as program/function expenditures on a budgetary basis.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$978,297, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	General Long-Term Obligations
2001	\$5,393
2002	5,394
2003	592
Total minimum lease payments	11,379
Less: amount representing interest	(904)
Present value of minimum lease payments	\$10,475

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 16 - LONG-TERM OBLIGATIONS

Changes in long-term obligations of the School District during fiscal year 2000, were as follows:

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
Capital Leases	\$15,515	\$0	\$5,040	\$10,475
Energy Conservation Bonds 1998 5.90%	305,219	0	26,671	278,548
Energy Conservation Note 1998 0.00%	52,846	0	15,099	37,747
Compensated Absences	1,040,343	53,213	52,734	1,040,822
Intergovernmental Payable	157,004	121,721	157,004	121,721
Total General Long-Term Obligations	<u>\$1,570,927</u>	<u>\$174,934</u>	<u>\$256,548</u>	<u>\$1,489,313</u>

The capital lease obligation will be paid from the General Fund. The energy conservation bonds and note will be paid from the General Fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$11,249,530, with an unvoted debt margin of \$124,995 at June 30, 2000. Principal and interest requirements to retire the energy conservation bonds and notes outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2001	\$43,343	\$15,601	\$58,944
2002	45,010	13,886	58,896
2003	39,225	12,069	51,294
2004	33,544	10,145	43,689
2005	35,524	8,108	43,632
2006-2008	119,649	10,860	130,509
	<u>\$316,295</u>	<u>\$70,669</u>	<u>\$386,964</u>

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$330,393	\$13,035	\$343,428
Depreciation	4,372	0	4,372
Operating Income (Loss)	(258,277)	342	(257,935)
Donated Commodities	28,663	0	28,663
Operating Grants	239,494	0	239,494
Interest Income	2,576	0	2,576
Net Income (Loss)	12,456	342	12,798
Net Working Capital	58,886	342	59,228
Fixed Asset Additions	9,414	0	9,414
Total Assets	121,555	342	121,897
Long-Term Compensated Absences Payable	19,609	0	19,609
Total Equity	(38,148)	342	(37,806)
Encumbrances, June 30, 2000	175	0	175

NOTE 18 - INTERFUND RECEIVABLES/PAYABLES

Interfund receivables and payables at June 30, 2000, consist of the following individual balances:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$711,486	\$0
Special Revenue Funds:		
District Managed Activity	0	618
Auxiliary	0	2,296
Ohio Reads	0	28,623
Title VI-B	0	122,998
Title I	0	362,119
Public School Preschool	0	1,926
Adult Basic Literacy	0	6,531
Total Special Revenue Funds	0	525,111
Capital Project Funds:		
Permanent Improvement	0	26,671
ADA Grant	0	503
Emergency Repair Fund	0	76,817
Total Capital Project Funds	0	103,991
Food Services Fund	0	82,384
Total All Funds	\$711,486	\$711,486

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 19 - CONTINGENCIES

A. Grants

The School 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 School District at June 30, 2000.

B. Litigation

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

NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$62,946
Current Year Set-aside Requirement	174,582	174,582	0
Qualifying Disbursements	<u>(140,521)</u>	<u>(174,582)</u>	<u>0</u>
Total Set-aside Reserve Balance as of June 30, 2000	<u>\$34,061</u>	<u>\$0</u>	<u>\$62,946</u>
Set-aside Balance Carried Forward to Future Fiscal Year	<u>\$34,061</u>	<u>\$0</u>	<u>\$62,946</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvements set-aside amount to zero. The total reserve balance for the three set-asides at the end of the fiscal year was \$97,007.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

NOTE 21 - CONTRACTUAL COMMITMENTS

The School District has entered into contracts for the design and construction of renovations to an existing building in the School District. Outstanding construction commitments at June 30, 2000, are as follows:

Project	Contract Amount	Amount Expended	Balance At 6/30/00
Distel Construction, Inc.	\$97,550	\$49,359	\$48,191

NOTE 22 - SCHOOL FUNDING COURT DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$5,776,966 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State 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[ing] further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$	\$27,896	\$	\$27,863
National School Breakfast Program	05-PU 99/00	10.553	31,300		31,300	
National School Lunch Program	03/04-PU 99/00	10.555	<u>192,032</u>		<u>192,032</u>	
Total Nutrition Cluster			<u>223,332</u>	<u>27,896</u>	<u>223,332</u>	<u>27,863</u>
Total U.S. Department of Agriculture			223,332	27,896	223,332	27,863
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Adult and Community Education	AB-S1 00	84.002	92,540		95,326	
Title I Program	C1-S1/SD 99/00	84.010	117,394		593,463	
Special Education Cluster:						
Education of Handicapped - Title VI-B	6B-SF 00	84.027	33,977		96,199	
Handicapped Preschool & School Program	PG-S1 97/99	84.173	<u>38,294</u>		<u>51,921</u>	
Total Special Education Cluster			<u>72,271</u>	0	<u>148,120</u>	0
Drug Free Schools Program	DR-S1 00	84.186	20,724		18,451	
Goals 2000	G2-S8 00	84.276	6,000		6,556	
Eisenhower Professional Development Grant	MS-S1 00	84.281	4,500		914	
Innovative Education Program - Title VI	C2-S1 99/00	84.298	6,385		1,833	
Technology Literacy Challenge Fund - Raising the Bar	TF-24/25 99	84.318	62,500		107,228	
Comprehensive School Reform Grant	RF-S1 00	84.332	75,000		70,096	
Class Size Reduction Grant	CR-S1 00	84.340	<u>26,487</u>		<u>26,487</u>	
Total U.S. Department of Education			483,801	0	1,068,474	0
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities:</i>						
Medical Assistance Program - Title XIX	N/A	93.778	<u>63,583</u>		<u>63,583</u>	
Total U.S. Department of Mental Retardation			63,583	0	63,583	0
CORPORATION FOR NATIONAL SERVICE						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve America	SV-S1 00	94.004	<u>5,839</u>		<u>4,092</u>	
Total Corporation for National Service			<u>5,839</u>	0	<u>4,092</u>	0
Total Federal Awards Receipts and Expenditures			<u><u>\$776,555</u></u>	<u><u>\$27,896</u></u>	<u><u>\$1,359,481</u></u>	<u><u>\$27,863</u></u>

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) is a summary of the School District's Federal Award Programs. The Schedule has been prepared on the cash basis of accounting.

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the School District had food commodities valued at \$5,322 in inventory.



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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

We have audited the accompanying general purpose financial statements of Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2000, and have issued our report thereon dated February 28, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings as item 2000-10744-001, 2000-10744-002, 2000-10744-003, 2000-10744-004 and 2000-10744-005. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated February 28, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable conditions are described in the accompanying Schedule of Findings as items 2000-10744-002, 2000-10744-003, 2000-10744-004 and 2000-10744-005.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe the reportable conditions described above are not material weaknesses. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 28, 2001.

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

Jim Petro
Auditor of State

February 28, 2001



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

Ironton City School District
Lawrence County
105 South Fifth Street
Ironton, Ohio 45638

To the Board of Education:

Compliance

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

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2000. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the School District in a separate letter dated February 28, 2001.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the School District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. A reportable condition is described in the accompanying Schedule of Findings as item 2000-10744-006.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, the reportable condition described above is not considered to be a material weakness. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated February 28, 2001.

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

Jim Petro
Auditor of State

February 28, 2001

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS
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(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 conditions reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under §.510?	No
(d)(1)(vii)	Major Programs (list):	Local Educational Agencies - Title I - CFDA #84.010 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?	No

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

FINDING NUMBER 2000-10744-001

Noncompliance Citation

Ohio Rev. Code Section 149.351 establishes guidelines against the destruction or damage of records. All records are the property of the public office and shall not be mutilated, transferred, or otherwise damaged or disposed of, in whole or in part, except as provided by law or under the rules adopted by the Records Commissions provided for under Ohio Rev. Code Section 149.38 to Section 149.42.

The Athletic Director disposed of all records concerning season ticket sales which amounted to 28% of revenue in the Athletic Fund (300-9063) that could not be substantiated. We considered this matter in forming our opinion on the financial statements.

We recommend that the Athletic Director maintain all records. Disposal of records should only be performed in accordance with Ohio Rev. Code Section 149.351.

FINDING NUMBER 2000-10744-002

Noncompliance Citation and Reportable Condition

Ohio Rev. Code Section 5705.10 states that money that is paid into a fund must be used only for the purposes for which such fund has been established. As a result, a negative fund balance indicates that money from one fund was used to cover the expense of another fund.

The School District had the following negative fund balances throughout the year:

Fund 009	Uniform School Supplies	May 2000	(\$10,973)
Fund 455	Textbooks	May 2000	(34,493)
Fund 459	Ohio Reads	May 2000	(27,725)
Fund 501	Adult Basic	May 2000	(77,812)
Fund 516	Title VI	June 2000	(57,199)
Fund 516	Title VI	May 2000	(24,949)
Fund 572	Title I	June 2000	(349,412)
Fund 572	Title I	May 2000	(297,305)

Most of these funds had negative fund balances dating back as far as July and August 1999.

We recommend the Treasurer not use funds from one fund to cover the expenses of another fund.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

FINDING NUMBER 2000-10744-003

Noncompliance Citation and Reportable Condition

Ohio Rev. Code 5705.39 states that the total appropriation from each fund should not exceed the total estimated resources. No appropriation measure is to become effective until the County Auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

Total appropriations exceeded the total estimated resources on June 30, 2000 in the Teacher Development Fund by \$9,151 (100%), EMIS Fund by \$5,009 (100%), Schoolnet Fund by \$4,040 (100%), Auxiliary Fund by \$17,527 (22%), ABLE Fund by \$123,596 (43%), Title VI Fund by \$261,432 (87%), Title I Fund by \$218,282 (30%), Title VI Fund by \$18,560 (100%), Preschool Fund by \$143,516 (83%), Raising the Bar Fund by \$26,527 (100%), Food Service Fund by \$3,063 (1%) and Administrative Office Fund by \$908 (100%). This could lead to a negative fund balance if all monies appropriated are expended.

We recommend the Treasurer and Board of Education monitor appropriations as compared to estimate resources to ensure that total appropriations do not exceed the total estimated resources.

FINDING NUMBER 2000-10744-004

Noncompliance Citation and Reportable Condition

Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations on June 30 in the Energy Conservation Fund by \$51,441 (100%), the ADA Grant Fund by \$503 (100%), the Schoolnet Fund by \$16,679 (99%), the Technology Equity Fund by \$18,274 (100%), the Food Service Fund by \$149,974 (25%), the Auxiliary Fund by \$12,153 (11%), the DPIA Fund by \$581,140 (100%), the Textbooks Fund by \$48,149 (100%), the Ohio Reads Fund by \$60,517 (100%), the Eisenhower Fund by \$914 (100%), the Drug Free Schools Fund by \$19,825 (93%), and the Miscellaneous Fund by \$200,223 (82%). Expenditures exceeded appropriations on December 31, 1999 in the Textbook Fund by \$85,858 (100%), the Drug Free Schools Fund by \$14,431 (100%), Miscellaneous Grant Fund \$137,838 (76%), the Energy Conservation Fund by \$51,441 (100%), the Schoolnet Plus Fund by \$18,418 (99%), the Technology Equity Fund by \$4,672 (100%), and the Uniform School Service Fund \$6,277 (27%). Since the legal level of control was at the fund level, the above variances also indicate the expenditures which exceeded appropriations at the legal level of control. This could lead to negative fund balances if not monitored.

We recommend the Treasurer routinely compare the appropriations to the actual disbursements at the legal level of control and have the Board of Education approve an amendment and file it with the County Auditor when it is apparent that actual disbursements will exceed the level of appropriations.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2000
(Continued)**

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

FINDING NUMBER 2000-10744-005

Noncompliance Citation and Reportable Condition

Ohio Rev. Code Section 5705.412 requires the treasurer, superintendent, and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs, and services essential to the provision of an adequate educational program for a specified number of days.

The School District did prepare 412 certificates for all required Board actions except the permanent appropriations in September 1999. If a 412 certificate is not prepared it may appear that there were not revenues available to cover the annual appropriations.

We recommend a 412 certificate be prepared for all required Board actions including annual appropriations.

3. FINDINGS FOR FEDERAL AWARDS

Reportable Condition - Federal Drawdown Request

Finding Number	2000-10744-006
CFDA Title and Number	Title I Program, CFDA #84.010 and Innovative Education Program - Title VI, CFDA #84.298
Federal Award Number / Year	Title I - C1-S1/SD 99/00; Title VI - C2-S1 99/00
Federal Agency	U.S. Department of Education
Pass-Through Agency	Ohio Department of Education

Draw down requests for grant monies were not being made as needed. This resulted in the School District advancing money from the General Fund to the grant funds to cover some of the expenditures as they arose. However, as reflected in finding number 2000-10744-002, the Title I and Title VI Grant Funds still reflected a negative fund balance as of June 30, 2000.

As of February 28, 2001, the fiscal year 2000 Title I Grant Fund reflected a negative \$465,420 fund balance and the advances from the General Fund were still outstanding. The fiscal year 2001 Title I Grant Fund reflected a negative fund balance of \$117,191 as of February 28, 2001. The delays in requesting draw downs could result in the loss of grant money which would effect the School District's ability to continue to operate as it currently does.

We recommend the School District request grant draw downs as they are needed.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected; Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
1999-10744-001	Ohio Revised Code Section 5705.41 (B) - Disbursements exceeded Appropriations	No	No corrective action taken. We have reviewed the prior year noncompliance and have added the current year's noncompliance.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2000-10744-001	School District intends to inform all employees of proper procedures for record disposal.	June 30, 2001	Sandra Foster, Treasurer
2000-10744-002	School District intends to review fund balances more closely each month to assure any fund with a negative balances is investigated.	June 30, 2001	Sandra Foster, Treasurer
2000-10744-003	School District intends to monitor budgetary data monthly along with financial statements to assure appropriations do not exceed estimated resources.	June 30, 2001	Sandra Foster, Treasurer
2000-10744-004	School District intends to change the legal level of control to monitor appropriations versus actual disbursements more efficiently.	June 30, 2001	Sandra Foster, Treasurer
2000-10744-005	School District adopted the required 412 certificate for the September 1999 permanent appropriations and intends to prepare 412 certificates for all required contracts and appropriations in the future.	June 30, 2001	Sandra Foster, Treasurer
2000-10744-006	School District intends to request drawdowns on a more timely basis and monitor their budget versus actual reports on a regular basis to eliminate current and prevent future grant fund deficits.	June 30, 2001	Sandra Foster, Treasurer



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IRONTON CITY SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
MARCH 20, 2001**