



**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Steubenville City School District
Jefferson County
932 North Fifth Street
Steubenville, Ohio 43952

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Steubenville City School District, Jefferson County, (the 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 District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Steubenville City School District, Jefferson County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary and similar fiduciary fund types 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 16, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the result of our audit.

Our audit was performed for the purpose of forming an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for purposes of additional analysis as required by 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 stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

February 16, 2001

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STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$3,500,056	\$1,536,844	\$617,185	\$4,407,525
Common Stock				
Receivables:				
Property and Other Taxes	3,939,479	80,385	1,246,836	
Intergovernmental	39,945	179,892		
Interfund	24,000			
Due From Other Funds	16,283			
Accrued Interest	4,401			
Prepaid Items	2,324	12,559		
Inventory Held for Resale				
Materials and Supplies				
Inventory	14,365			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	432,386			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	<u>\$7,973,239</u>	<u>\$1,809,680</u>	<u>\$1,864,021</u>	<u>\$4,407,525</u>
LIABILITIES FUND EQUITY AND OTHER CREDITS:				
Liabilities:				
Accounts Payable	\$50,030	\$39,648		\$13,077
Contracts Payable				45,886
Accrued Wages and Benefits Payable	1,195,002	340,577		
Compensated Absences Payable	26,542			
Intergovernmental Payable	259,507	51,189		61
Interfund Payable		7,000		
Due to Other Funds		16,283		
Deferred Revenue	3,051,520	60,965	587,041	
Undistributed Monies				
Due to Students				
Notes Payable				3,245,000
Claims Payable				
Energy Conservation Notes Payable				
General Obligation Bonds Payable				
Total Liabilities	<u>4,582,601</u>	<u>515,662</u>	<u>587,041</u>	<u>3,304,024</u>
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Reserved for Common Stock				
Unreserved (Deficit)				
Fund Balance:				
Reserved for Encumbrances	311,432	388,537		45,623
Reserved for Inventory	14,365			
Reserved for Property Taxes	887,959	19,420	659,795	
Reserved for Common Stock				
Reserved for Textbooks	156,606			
Reserved for Capital Improvements	89,625			
Reserved for Bus Purchase	26,370			
Reserved for Budget Stabilization	159,785			
Unreserved,				
Designated	32,692			
Undesignated	1,711,804	886,061	617,185	1,057,878
Total Fund Equity and Other Credits	<u>3,390,638</u>	<u>1,294,018</u>	<u>1,276,980</u>	<u>1,103,501</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$7,973,239</u>	<u>\$1,809,680</u>	<u>\$1,864,021</u>	<u>\$4,407,525</u>

The notes to the general-purpose financial statements are an integral part of this statement.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$221,838	\$2,031,930	\$300,195 43,096			\$12,615,573 43,096
49,187					5,266,700 269,024 24,000 16,283 15,353 15,751 10,064
868	10,952				
10,064					
1,310					15,675
					432,386
246,916			\$22,433,291		22,680,207
				\$617,185	617,185
				11,283,709	11,283,709
\$530,183	\$2,042,882	\$343,291	\$22,433,291	\$11,900,894	\$53,305,006
\$14,818					\$117,573 45,886 1,542,944 1,723,901 454,504 24,000 16,283 3,704,411 25 30,983 3,245,000 169,539 471,556 9,632,438 9,632,438
7,365					
18,873				\$1,678,486	
25,333				118,414	
17,000					
4,885					
		\$25 30,983			
	169,539				
				471,556	
				9,632,438	
88,274	169,539	31,008		11,900,894	21,179,043
			22,433,291		22,433,291 94,000
94,000					
		29,601 197,132			29,601 2,396,083
325,608	1,873,343				
					745,592 14,365 1,567,174 13,025 156,606 89,625 26,370 159,785
		13,025			
					32,692 4,367,754
22,301		72,525			
441,909	1,873,343	312,283	22,433,291		32,125,963
\$530,183	\$2,042,882	\$343,291	\$22,433,291	\$11,900,894	\$53,305,006

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
REVENUES:						
Property and Other Taxes	\$3,120,144	\$33,180	\$1,374,964			\$4,528,288
Intergovernmental	9,431,587	4,428,200	92,956	\$1,076,793		15,029,536
Interest	357,662	21,132	26,349	69,355	\$4,111	478,609
Tuition and Fees	80,959	47,731				128,690
Rent	11,933					11,933
Extracurricular Activities		259,259				259,259
Customer Service		46,100				46,100
Gifts and Donations	5,264	6,679			30,770	42,713
Miscellaneous	42,248	218,366				260,614
Total Revenues	<u>13,049,797</u>	<u>5,060,647</u>	<u>1,494,269</u>	<u>1,146,148</u>	<u>34,881</u>	<u>20,785,742</u>
EXPENDITURES:						
Current:						
Instruction:						
Regular	5,012,897	1,746,296				6,759,193
Special	1,795,869	1,362,423				3,158,292
Vocational	616,182	5,293				621,475
Adult Continuing		25,266				25,266
Other	108,550					108,550
Support Services:						
Pupils	532,895	135,665				668,560
Instructional Staff	160,523	435,090				595,613
Board of Education	23,306					23,306
Administration	1,214,294	200,989				1,415,283
Fiscal	200,984	18,947	20,167			240,098
Business	187,024	14,103				201,127
Operation and Maintenance of Plant	1,448,169	21,067				1,469,236
Pupil Transportation	257,671	5,579				263,250
Central		12,506				12,506
Non-Instructional Services		358,135			24,300	382,435
Extracurricular Activities	183,037	240,100				423,137
Capital Outlay	19,000	1,429		367,723		388,152
Debt Service:						
Principal			541,418			541,418
Interest and Fiscal Charges			418,168			418,168
Total Expenditures	<u>11,760,401</u>	<u>4,582,888</u>	<u>979,753</u>	<u>367,723</u>	<u>24,300</u>	<u>17,715,065</u>
Excess of Revenues Over Expenditures	<u>1,289,396</u>	<u>477,759</u>	<u>514,516</u>	<u>778,425</u>	<u>10,581</u>	<u>3,070,677</u>
Other Financing Sources (Uses):						
Gain on Sale of Fixed Assets	3,656					3,656
Increase in Fair Value of Investment					(4,550)	(4,550)
Operating Transfers In			110,665	206,000		316,665
Operating Transfers Out	(316,665)					(316,665)
Total Other Financing Sources (Uses)	<u>(313,009)</u>		<u>110,665</u>	<u>206,000</u>	<u>(4,550)</u>	<u>(894)</u>
Excess of Revenues and Other Financing Sources Over Expenditures and Other Financing Uses	976,387	477,759	625,181	984,425	6,031	3,069,783
Fund Balances at Beginning of Year (Restated Note)	2,424,172	816,259	651,799	119,076	67,543	4,078,849
Decrease in Reserve for Inventory	(9,921)					(9,921)
Fund Balances at End of Year	<u>\$3,390,638</u>	<u>\$1,294,018</u>	<u>\$1,276,980</u>	<u>\$1,103,501</u>	<u>\$73,574</u>	<u>\$7,138,711</u>

The notes to the general-purpose financial statements are an integral part of this statement.

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STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

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

	<u>General Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property and Other Taxes	\$3,279,345	\$3,279,345	
Intergovernmental	9,422,933	9,422,933	
Interest	320,425	353,612	\$33,187
Tuition and Fees	64,321	64,676	355
Rent	11,933	11,933	
Extracurricular Activities			
Customer Services			
Gifts and Donations	5,264	5,264	
Miscellaneous	48,268	48,267	(1)
Total Revenues	<u>13,152,489</u>	<u>13,186,030</u>	<u>33,541</u>
Expenditures:			
Current:			
Instruction:			
Regular	6,185,294	5,141,822	1,043,472
Special	2,036,823	1,773,718	263,105
Vocational	676,453	624,244	52,209
Adult/Continuing			
Other	85,000	135,235	(50,235)
Support Services:			
Pupils	624,804	539,125	85,679
Instructional Staff	226,227	159,902	66,325
Board of Education	99,425	26,668	72,757
Administration	1,250,099	1,201,053	49,046
Fiscal	257,662	199,061	58,601
Business	204,495	202,883	1,612
Operation and Maintenance of Plant	1,661,215	1,616,267	44,948
Pupil Transportation	278,532	289,379	(10,847)
Central	10,000		10,000
Non-Instructional Services			
Extracurricular Activities	189,309	186,362	2,947
Capital Outlay	276,736	35,688	241,048
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>14,062,074</u>	<u>12,131,407</u>	<u>1,930,667</u>
Excess of Revenues Over (Under) Expenditures	<u>(909,585)</u>	<u>1,054,623</u>	<u>1,964,208</u>
Other Financing Sources (Uses):			
Proceeds From Sale of Fixed Assets	3,656	3,656	
Proceeds From Sale of Bonds			
Proceeds From Sale of Notes			
Advances In	182,500	182,500	
Advances Out	(420,889)	(7,000)	413,889
Operating Transfers In			
Operating Transfers Out	(602,998)	(316,665)	286,333
Total Other Financing Sources (Uses)	<u>(837,731)</u>	<u>(137,509)</u>	<u>700,222</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	<u>(1,747,316)</u>	<u>917,114</u>	<u>2,664,430</u>
Fund Balances at Beginning of Year	2,326,747	2,326,747	
Prior Year Encumbrances Appropriated	325,215	325,215	
Fund Balances (Deficit) at End of Year	<u><u>\$904,646</u></u>	<u><u>\$3,569,076</u></u>	<u><u>\$2,664,430</u></u>

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$945,646	\$945,646	
\$4,247,895	\$4,252,808	\$4,913	92,956	92,956	
21,125	21,132	7	24,148	26,349	\$2,201
39,718	47,731	8,013			
259,259	259,259				
46,100	46,100				
6,679	6,679				
218,366	218,366				
4,839,142	4,852,075	12,933	1,062,750	1,064,951	2,201
2,654,797	1,944,967	709,830			
1,547,835	1,349,887	197,948			
11,102	11,102				
34,339	27,028	7,311			
206,019	139,925	66,094			
606,997	455,807	151,190			
245,896	198,960	46,936			
28,957	19,770	9,187	20,167	20,167	
14,703	14,103	600			
24,267	23,203	1,064			
15,525	5,729	9,796			
18,629	12,506	6,123			
557,501	401,424	156,077			
291,164	291,167	(3)			
29,957	1,429	28,528			
			541,418	541,418	
			418,168	418,168	
6,287,688	4,897,007	1,390,681	979,753	979,753	
(1,448,546)	(44,932)	1,403,614	82,997	85,198	2,201
338,662	7,000	(331,662)			
(260)	(182,500)	(182,240)	110,665	110,665	
338,402	(175,500)	(513,902)	110,665	110,665	
(1,110,144)	(220,432)	889,712	193,662	195,863	2,201
945,035	945,035		435,082	435,082	
372,195	372,195				
\$207,086	\$1,096,798	\$889,712	\$628,744	\$630,945	\$2,201

(Continued)

STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

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

	<u>Capital Projects Funds</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:			
Property and Other Taxes			
Intergovernmental	\$1,313,216	\$1,076,793	(\$236,423)
Interest	52,614	69,355	16,741
Tuition and Fees			
Rent			
Extracurricular Activities			
Customer Services			
Gifts and Donations			
Miscellaneous			
Total Revenues	<u>1,365,830</u>	<u>1,146,148</u>	<u>(219,682)</u>
Expenditures:			
Current:			
Instruction:			
Regular			
Special			
Vocational			
Adult/Continuing			
Other			
Support Services:			
Pupils			
Instructional Staff			
Board of Education			
Administration			
Fiscal			
Business			
Operation and Maintenance of Plant			
Pupil Transportation			
Central			
Non-Instructional Services			
Extracurricular Activities			
Capital Outlay	595,541	593,065	2,476
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
Total Expenditures	<u>595,541</u>	<u>593,065</u>	<u>2,476</u>
Excess of Revenues Over (Under) Expenditures	<u>770,289</u>	<u>553,083</u>	<u>(217,206)</u>
Other Financing Sources (Uses):			
Proceeds From Sale of Fixed Assets			
Proceeds From Sale of Bonds			
Proceeds From Sale of Notes	3,245,000	3,245,000	
Advances In			
Advances Out			
Operating Transfers In	206,000	206,000	
Operating Transfers Out			
Total Other Financing Sources (Uses)	<u>3,451,000</u>	<u>3,451,000</u>	
Excess of Revenues and Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	<u>4,221,289</u>	<u>4,004,083</u>	<u>(217,206)</u>
Fund Balances at Beginning of Year	64,257	64,257	
Prior Year Encumbrances Appropriated	234,599	234,599	
Fund Balances (Deficit) at End of Year	<u><u>\$4,520,145</u></u>	<u><u>\$4,302,939</u></u>	<u><u>(\$217,206)</u></u>

The notes to general-purpose financial statements are an integral part of this statement.

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$4,224,991	\$4,224,991	
			15,077,000	14,845,490	(\$231,510)
\$3,667	\$4,111	\$444	421,979	474,559	52,580
			104,039	112,407	8,368
			11,933	11,933	
			259,259	259,259	
			46,100	46,100	
29,015	30,770	1,755	40,958	42,713	1,755
			266,634	266,633	(1)
32,682	34,881	2,199	20,452,893	20,284,085	(168,808)
			9,092,111	7,086,789	2,005,322
			3,584,658	3,123,605	461,053
			687,555	635,346	52,209
			34,339	27,028	7,311
			85,000	135,235	(50,235)
			830,823	679,050	151,773
			833,224	615,709	217,515
			99,425	26,668	72,757
			1,495,995	1,400,013	95,982
			306,786	238,998	67,788
			219,198	216,986	2,212
			1,685,482	1,639,470	46,012
			294,057	295,108	(1,051)
			28,629	12,506	16,123
41,350	24,300	17,050	598,851	425,724	173,127
			480,473	477,529	2,944
			650,214	630,182	20,032
			541,418	541,418	
			418,168	418,168	
41,350	24,300	17,050	21,966,406	18,625,532	3,340,874
(8,668)	10,581	19,249	(1,513,513)	1,658,553	3,172,066
			3,656	3,656	
			3,245,000	3,245,000	
			521,162	189,500	(331,662)
			(421,149)	(189,500)	231,649
			316,665	316,665	
			(602,998)	(316,665)	286,333
			3,062,336	3,248,656	186,320
(8,668)	10,581	19,249	1,548,823	4,907,209	3,358,386
41,039	41,039		3,812,160	3,812,160	
24,650	24,650		956,659	956,659	
\$57,021	\$76,270	\$19,249	\$6,317,642	\$9,676,028	\$3,358,386

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**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Operating Revenues:				
Sales	\$153,432			\$153,432
Charges for Services	11,760	\$2,068,111		2,079,871
Other	544			544
Interest			\$12,952	12,952
Contributions			17,794	17,794
Total Operating Revenues	<u>165,736</u>	<u>2,068,111</u>	<u>30,746</u>	<u>2,264,593</u>
Operating Expenses:				
Salaries	202,590			202,590
Fringe Benefits	68,461			68,461
Purchased Services	14,501	359,943		374,444
Materials and Supplies	107,629		81	107,710
Cost of Sales	232,511			232,511
Depreciation	33,221			33,221
Claims		1,267,247		1,267,247
Other	1,814	690	15,500	18,004
Total Operating Expenses	<u>660,727</u>	<u>1,627,880</u>	<u>15,581</u>	<u>2,304,188</u>
Operating Income (Loss)	<u>(494,991)</u>	<u>440,231</u>	<u>15,165</u>	<u>(39,595)</u>
Non-Operating Revenues:				
Federal Donated Commodities	29,132			29,132
Interest	9,350	5,305		14,655
Decrease in Fair Value of Investment			(3,189)	(3,189)
Operating Grants	423,274			423,274
Total Non-Operating Revenues	<u>461,756</u>	<u>5,305</u>	<u>(3,189)</u>	<u>463,872</u>
Net Income (Loss)	<u>(33,235)</u>	<u>445,536</u>	<u>11,976</u>	<u>424,277</u>
Retained Earnings/Fund Balance at Beginning of Year (Restated Note 3)	<u>381,144</u>	<u>1,427,807</u>	<u>226,733</u>	<u>2,035,684</u>
Retained Earnings/Fund Balance at End of Year	347,909	1,873,343	238,709	2,459,961
Contributed Capital at Beginning and End of Year	<u>94,000</u>			<u>94,000</u>
Total Fund Equity at End of Year	<u>\$441,909</u>	<u>\$1,873,343</u>	<u>\$238,709</u>	<u>\$2,553,961</u>

The notes to the general-purpose financial statements are an integral part of this statement.

**STEBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Sales	\$153,432	\$153,432	
Charges for Services	11,760	11,760	
Other Revenues	544	544	
Interest	8,289	9,350	\$1,061
Contributions and Donations			
Operating Grants	378,409	378,409	
Total Revenues	552,434	553,495	1,061
Expenses:			
Salaries	186,126	186,126	
Fringe Benefits	51,414	51,414	
Purchased Services	24,645	24,645	
Materials and Supplies	334,428	330,231	4,197
Capital Outlay	21,333	8,843	12,490
Other	1,379	1,379	
Total Expenses	619,325	602,638	16,687
Excess of Revenues Over (Under) Expenses	(66,891)	(49,143)	17,748
Fund Equity at Beginning of Year	204,439	204,439	
Prior Year Encumbrances Appropriated	26,557	26,557	
Fund Equity at End of Year	\$164,105	\$181,853	\$17,748

The notes to the general-purpose financial statements are an integral part of this statement.

Internal Service Fund			Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,889,113	\$2,068,111	\$178,998				\$153,432	\$153,432	
						1,900,873	2,079,871	\$178,998
						544	544	
	2,212	2,212	11,902	12,952	\$1,050	20,191	24,514	4,323
			17,794	17,794		17,794	17,794	
						378,409	378,409	
<u>1,889,113</u>	<u>2,070,323</u>	<u>181,210</u>	<u>29,696</u>	<u>30,746</u>	<u>1,050</u>	<u>2,471,243</u>	<u>2,654,564</u>	<u>183,321</u>
						186,126	186,126	
1,417,719	1,417,719					1,469,133	1,469,133	
427,123	427,123					451,768	451,768	
			81	81		334,509	330,312	4,197
						21,333	8,843	12,490
690	690		29,199	15,500	13,699	31,268	17,569	13,699
<u>1,845,532</u>	<u>1,845,532</u>		<u>29,280</u>	<u>15,581</u>	<u>13,699</u>	<u>2,494,137</u>	<u>2,463,751</u>	<u>30,386</u>
43,581	224,791	181,210	416	15,165	14,749	(22,894)	190,813	213,707
1,685,683	1,685,683		204,668	204,668		2,094,790	2,094,790	
54,276	54,276		15,500	15,500		96,333	96,333	
<u>\$1,783,540</u>	<u>\$1,964,750</u>	<u>\$181,210</u>	<u>\$220,584</u>	<u>\$235,333</u>	<u>\$14,749</u>	<u>\$2,168,229</u>	<u>\$2,381,936</u>	<u>\$213,707</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$165,192			\$165,192
Cash Received from Contributions and Donations			\$17,794	17,794
Cash Received from Quasi-External		\$2,068,111		2,068,111
Cash Received from Other Operating Revenues	544			544
Cash Payments to Suppliers for Goods and Services	(314,891)	(1,417,719)	(81)	(1,732,691)
Cash Payments for Employees Services	(186,126)			(186,126)
Cash Payments for Scholarships			(15,500)	(15,500)
Cash Payments for Employee Benefits	(51,414)			(51,414)
Cash Payments for Other Operating Expenses	(1,379)	(690)		(2,069)
Cash Payments for Claims		(359,943)		(359,943)
Net Cash Provided by (Used) for Operating Activities	<u>(388,074)</u>	<u>289,759</u>	<u>2,213</u>	<u>(96,102)</u>
Cash Flows from Noncapital Financing Activities:				
Operating Grants Received	<u>378,409</u>			<u>378,409</u>
Net Cash Provided by Noncapital Financing Activities	<u>378,409</u>			<u>378,409</u>
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	<u>(8,843)</u>			<u>(8,843)</u>
Cash Flows from Investing Activities:				
Interest on Investments	9,350	2,212	12,952	24,514
Purchase of Investments			(1,000)	(1,000)
Net Cash Provided by Investing Activities	<u>9,350</u>	<u>2,212</u>	<u>11,952</u>	<u>23,514</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(9,158)	291,971	14,165	296,978
Cash and Cash Equivalents at Beginning of Year	230,996	1,739,959	189,393	2,160,348
Cash and Cash Equivalents at End of Year	<u>\$221,838</u>	<u>\$2,031,930</u>	<u>\$203,558</u>	<u>\$2,457,326</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(494,991)	440,231	15,165	(39,595)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	33,221			33,221
Donated Commodities Used During Year	29,132			29,132
Non-Expendable Trust Fund Interest			(12,952)	(12,952)
Changes in Assets and Liabilities:				
Decrease in Inventory Held for Resale	414			414
Decrease in Materials and Supplies Inventory	339			339
Increase in Prepaid Items	(433)			(433)
Increase in Accounts Payable	5,757			5,757
Increase in Accrued Wages	7,365			7,365
Increase in Compensated Absences Payable	12,441			12,441
Increase in Intergovernmental Payable	17,838			17,838
Decrease in Due to Other Funds	(791)			(791)
Decrease in Claims Payable		(150,472)		(150,472)
Increase in Deferred Revenue	1,634			1,634
Total Adjustments	<u>106,917</u>	<u>(150,472)</u>	<u>(12,952)</u>	<u>(56,507)</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$388,074)</u>	<u>\$289,759</u>	<u>\$2,213</u>	<u>(\$96,102)</u>
Reconciliation of Non-Expendable Trust Fund Cash and Cash Equivalents to Balance Sheet:				
Cash and Cash Equivalents - All Fiduciary Funds		\$300,195		
Cash and Cash Equivalents - Expendable Trust and Agency Funds		96,637		
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u>\$203,558</u>		

The notes to the general-purpose financial statements are an integral part of this statement.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1838. The School District serves an area of approximately 8.56 square miles in the City of Steubenville. It is located in Jefferson County on the Ohio River, thirty-seven miles west of Pittsburgh, Pennsylvania. It is staffed by 92 non-certificated employees, 214 certificated full-time teaching personnel and 14 administrative employees who provide services to 2,550 students and other community members. The School District currently operates 6 elementary schools, 1 middle school and 1 high school for instruction, and 1 administrative building.

Reporting Entity:

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements 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 the Steubenville 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.

Based upon the application of criteria listed above, no separate governmental units meet the criteria for inclusion as a component unit.

The following activities are included within the reporting entity:

Parochial Schools - Within the School District boundaries, Holy Rosary, All Saints Consolidated and Catholic Central High School are operated through the Steubenville 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 the Ohio Mid-Eastern Regional Education Services Agency, the Jefferson County Joint Vocational School, and the Ohio School Boards Association Workers' Compensation Group Rating Plan, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 19 and 20 to the general purpose financial statements.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Fund

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

3. Fiduciary Fund Types:

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

4. Account Groups:

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

All proprietary funds and 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 and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes available as an 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Budgetary Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. 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.

1. 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 Jefferson County Budget Commission for rate determination.

2. Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000. At year-end, the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, 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 appropriation, 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 other than agency funds, consistent with statutory provisions.

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Cash and Cash Equivalents

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

During fiscal year 2000, investments were limited to STAR Ohio, repurchase agreements, and nonnegotiable certificates of deposit. The School District has donated stock. The account is presented on the combined balance sheet as "investments in common stock" since they are not required to be deposited into the District treasury. See Note 6, Deposits and investments.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2000. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2000.

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 \$357,662, which includes \$151,942 assigned from other School District funds.

For purposes of the combined statement of cash flows and for presentation of 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 are reported as investments.

E. Inventory

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Prepaid Items

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

G. Fixed Assets and Depreciation

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

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

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

H. 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 to create a reserve for budget stabilization. See Note 22 for additional information regarding set-asides.

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants

Special Revenue Funds

Adult Basic Education
Auxiliary Services
Child Abuse Detection
Disadvantaged Pupil Impact Aid
Drug Free Schools
Educational Management Information System
Eisenhower Funds
Even Start Program
Goals 2000 Grant
Impact Aid
Learn and Serve America Grants
Network Connectivity Funds
Ohio Reads Grant
Professional Development Grant
Parent Involvement/Partnership 2000 Grant
Parent Mentor Grant
Public School Preschool
Carl Perkins Vocational Grant
Preschool Handicapped Grant
Raising the Bar Grant
Safe School Helpline
School Age Child Care
School Improvement Grants
School Maintenance and Operational Assistance
Tech Prep
Telecommunications E-Rate
Title I
Title VI-B
Title VI-R
Title VI Innovative Education
Venture Capital Grant

Capital Projects Funds

School Net
School Net Plus
Technology Equity

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately sixty-six percent of the School District's operating revenue during the 2000 fiscal year

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

J. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables".

K. Compensated Absences

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

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

L. 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, claims and judgements, 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 available expendable financial resources. Bonds, capital leases, and long-term loans are reported 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.

M. 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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

N. Fund Balance Reserves and Designations

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventory, school bus purchases, budget stabilization, and property taxes. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriation under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures.

Fund balance designations have been established for textbooks and capital improvements. These designations represent the School District's intent to voluntarily spend these amounts on textbooks and capital improvements.

O. Contributed Capital

Contributed capital represents resources from other funds provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

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 combined financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

P. Total Columns on General Purpose Financial Statements

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

Q. Estimates

The preparation of the 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 could differ from those estimates.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

3. PRIOR PERIOD RESTATEMENTS

For fiscal year 2000, certain adjustments have resulted in fund equity restatements. The following provides details of the adjustments and the resultant effect on fund equity by fund type.

	<u>Fund Balance Previously Reported at June 30, 1999</u>	<u>Restatement Amount</u>	<u>Fund Balance Restated as of July 1, 1999</u>
Governmental Funds:			
General Fund	\$2,446,473	(\$22,301)	\$2,424,172
Special Revenue	796,412	19,847	816,259
Capital Projects	138,423	(19,347)	119,076
Proprietary Fund:			
Enterprise	358,843	22,301	381,144
Fiduciary Fund:			
Expendable Trust	68,043	(500)	67,543

The decrease in fund balance for the General Fund and the increase for the Enterprise Fund results from the Special Enterprise Fund being combined with the General Fund during fiscal year 1999. The decrease in fund balance for the Capital Projects Fund is due to the Video Distance Learning Grant Fund being reported as a Capital Projects Fund during fiscal year 1999. The decrease in fund balance for the Expendable Trust Fund is due to the Baseball Scholarship Fund being reported as an Expendable Trust Fund during fiscal year 1999. The Video Distance Learning Grant Fund and the Baseball Scholarship Fund are both being reported as Special Revenue Funds during fiscal year 2000 resulting in an increase to the Special Revenue Fund.

4. ACCOUNTABILITY AND COMPLIANCE

A. Accountability

At June 30, 2000, the DPIA Special Revenue Fund, Chapter 1 Special Revenue Fund, Raising The Bar Special Revenue Fund, and the Uniform School Supplies Enterprise Fund had deficit fund balances/retained earnings of \$22,630, \$59,899, \$87,500, and \$9,380 respectively. The DPIA, Chapter 1, and Raising The Bar Special Revenue Funds' deficit fund balances were created by the application of generally accepted accounting principles. These funds receive transfers from the General Fund when cash is required rather than when accruals occur. The Uniform School Supplies Enterprise Fund's deficit retained earnings was created by the application of generally accepted accounting principles. Management is reviewing operations to determine whether changes are adequate.

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2000, contrary to Ohio Revised Code § 5705.39.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

4. ACCOUNTABILITY AND COMPLIANCE (Continued)

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Public Preschool	303,587	656,204	352,617
Textbook Subsidy	11,816	32,692	20,876
Ohio Reads Grant	248,250	485,500	237,250
Eisenhower Grant	14,391	28,765	14,374
Chapter I	1,576,131	1,650,997	74,866
Chapter II	31,556	35,232	3,676
PreSchool Handicapped	34,536	37,743	3,207
Goals 2000	170,758	185,677	14,919
State Improvement Grant	80,236	100,000	19,764
School & Family Partnership	24,751	26,227	1,476
Learn & Serve America	32,846	40,387	7,541

In the future, the School District will revise the appropriation resolution during the year and amend the certificate of estimated resources as needed in an effort to eliminate appropriations in excess of estimated revenues.

5. BUDGETARY BASIS OF ACCOUNTING

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

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$976,387	\$477,759	\$625,181	\$984,425	\$6,031
Revenue Accruals	136,233	(208,572)	(429,318)	0	4,550
Expenditure Accruals	(219)	112,167	0	(120,756)	24,650
Materials and Supplies Inventory	(9,921)	0	0	0	0
Note Proceeds	0	0	0	3,245,000	0
Advances-In	182,500	7,000	0	0	0
Advances-Out	(7,000)	(182,500)	0	0	0
Encumbrances	(360,866)	(426,286)	0	(104,586)	(24,650)
Budget Basis	<u>\$917,114</u>	<u>(\$220,432)</u>	<u>\$195,863</u>	<u>\$4,004,083</u>	<u>\$10,581</u>

**Net Income/Excess of Revenues Over (Under) Expenses and Advances
All Proprietary Fund Types and Non-Expendable Trust Funds**

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$33,235)	\$445,536	\$11,976
Revenue Accrual:	(44,865)	(3,093)	3,189
Expense Accrual:	36,474	(150,472)	15,499
Materials and Supplies Inventory	(339)	0	0
Inventory Held For Resale	(414)	0	0
Depreciation Expense	33,221	0	0
Encumbrances	(39,985)	(67,180)	(15,499)
Budget Basis	<u>(\$49,143)</u>	<u>\$224,791</u>	<u>\$15,165</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

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 demand 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 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 moneys 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;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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.

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

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 year end the carrying amount of the School District's deposits was \$871,022 and the bank balance was \$939,069. Of the bank balance:

1. \$160,000 was covered by federal depository insurance; and
2. \$779,069 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

	<u>Category 2</u>	<u>Category 3</u>	<u>Carrying Value</u>	<u>Market Value</u>
Stock	\$44,414	\$0	\$43,096	\$43,096
Repurchase Agreement	0	0	5,952,956	5,952,956
	<u>\$44,414</u>	<u>\$0</u>	<u>\$5,996,052</u>	<u>\$5,996,052</u>
STAR Ohio			6,223,981	6,223,981
Totals			<u>\$12,220,033</u>	<u>\$12,220,033</u>

The classification of cash and cash equivalents, and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

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

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement 9	\$13,047,959	\$43,096
Investments:		
Repurchase Agreement	(5,952,956)	5,952,956
STAR Ohio	(6,223,981)	6,223,981
Total GASB Statement 3	<u>\$871,022</u>	<u>\$12,220,033</u>

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 1999 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

7. PROPERTY TAXES (Continued)

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 School District receives property taxes from Jefferson 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.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 2000, was \$887,959 in the General Fund, \$19,420 in the Special Revenue Fund, and \$659,795 in the Bond Retirement Fund. The amount available as an advance at June 30, 1999, was \$1,047,160 in the General Fund and \$216,717 in the Bond Retirement Fund.

The assessed values upon which 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	\$111,509,530	73.36%	\$111,274,220	73.11%
Public Utility	15,865,830	10.44%	15,472,900	10.17%
Tangible Personal Property	24,626,079	16.20%	25,446,077	16.72%
Total Assessed Value	\$152,001,439	100.00%	\$152,193,197	100.00%
Tax rate per \$1,000 of assessed valuation	\$34.70		\$36.80	

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

8. RECEIVABLES

Receivables at June 30, 2000, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
Driver Ed., Excess Cost, and Open Enrollment	\$39,945
Special Revenue Funds:	
Public PreSchool Grant	80,888
Adult Basic Education Grant	26,341
Chapter I Grant	18,253
PreSchool Handicapped Grant	2,862
Goals 2000 Grant	31,875
State Improvement Grant	19,673
Total Special Revenue Funds	179,892
Enterprise Fund	
Food Service Subsidy, State and Federal	49,187
Total Intergovernmental Receivables	\$269,024

9. FIXED ASSETS

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

Furniture and Equipment, Vehicle	\$512,686
Less Accumulated Depreciation	(265,770)
Net Fixed Assets	\$246,916

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

9. FIXED ASSETS (Continued)

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

Asset Category	Balance at 6/30/99	Additions	Deletions	Balance at 6/30/00
Land and Improvements	\$1,438,291	\$60,550	\$0	\$1,498,841
Buildings and Improvements	17,292,002	66,650	0	17,358,652
Furniture, Fixtures and Equipment	2,424,542	631,567	0	3,056,109
Vehicles	466,083	53,606	0	519,689
Totals	\$21,620,918	\$812,373	\$0	\$22,433,291

10. RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Utica Mutual Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Utica Mutual Insurance are as follows:

Building and Contents-replacement cost (\$1,000 deductible)	\$48,004,790
Inland Marine Coverage (\$250 deductible)	118,500
Boiler and Machinery (\$2,500 deductible)	No limit
Crime Insurance	25,000
Computer Equipment (\$100 deductible)	Included
Equipment Breakdown (\$1,000 deductible)	Included
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
Auto Medical	2,000
Collision (\$250 deductible)	Included
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

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 20). 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

10. RISK MANAGEMENT (Continued)

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

Medical/surgical and dental insurance is offered to employees through a self-insurance minimum premium program with Provident Life and Accident Insurance Company. The claims liability of \$169,539 reported in the internal service fund at June 30, 2000, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. A summary of the funds' claims liability in 1999 and 2000 is as follows:

	<u>Balance at Beginning of Year</u>	<u>Current Year Claims</u>	<u>Claims Payments</u>	<u>Balance at End of Year</u>
1999	\$271,286	\$1,261,894	\$1,213,169	\$320,011
2000	320,011	1,267,247	1,417,719	169,539

11. 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. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$68,674, \$122,835, and \$145,110, respectively; 11.34 percent has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$60,883 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 2000, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998, were \$511,999, \$442,352, and \$937,944, respectively; 82.47 percent has been contributed for fiscal year 2000, and 100 percent for fiscal years 1999 and 1998. \$89,762 represents the unpaid contribution for fiscal year 2000 and is recorded as a liability within the respective funds.

12. 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 \$682,685 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

12. POST EMPLOYMENT BENEFITS (Continued)

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 \$132,165.

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.

13. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 220 days for all personnel. Upon retirement, payment is made for one-fourth of accrued, but unused sick leave credit to a maximum of 50 days for all employees.

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Provident Life and Accident Insurance Company.

14. NOTES PAYABLE

On February 16, 2000, the School District issued classroom facilities bond anticipation notes for \$3,245,000. The notes were issued for a nine month period with maturity on November 16, 2000. The bond anticipation notes were retired from the school facilities construction capital projects fund with proceeds from the classroom facilities general obligation bond issue.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS

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

	Principal Outstanding 6/30/99	Additions	Deductions	Principal Outstanding 6/30/00
High School Addition and Improvements 5.95, Series A	\$840,000	\$0	\$25,000	\$815,000
1998 Refunding Bonds - Variable Interest	9,175,705	66,733	425,000	8,817,438
Energy Conservation Loans	562,974	0	91,418	471,556
Total Long-Term Bonds and Loans	<u>10,578,679</u>	<u>66,733</u>	<u>541,418</u>	<u>10,103,994</u>
Pension Obligation	116,609	118,414	116,609	118,414
Compensated Absences	1,393,434	1,678,486	1,393,434	1,678,486
Total General Long-Term Obligations	<u>\$12,088,722</u>	<u>\$1,863,633</u>	<u>\$2,051,461</u>	<u>\$11,900,894</u>

Steubenville High School Addition General Obligation Bonds - On January 1, 1993, the Steubenville City School District issued \$10,650,000 in voted general obligation bonds for the purpose of an addition and improvements to the high school building. The bonds were issued for a twenty-five year period with final maturity at December 1, 2017.

Energy Conservation Loan - On May 26, 1994 Steubenville City School District issued \$620,119 in unvoted general obligation notes for the purpose of providing energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2004. The loan will be retired from the debt service fund.

On January 24, 1996, Steubenville City School District issued \$290,659 unvoted general obligation notes for the purpose of providing additional energy conservation measures for the School District, under the authority of Ohio Revised Code sections 133.06(G) and 3313.372. The notes were issued for a ten year period with final maturity during fiscal year 2006. The loan will be retired from the debt service fund.

On September 30, 1998, the School District issued \$9,790,362 in general obligation, which included capital appreciation bonds (deep discount bonds). The refunding bonds replaced \$8,643,616 of outstanding 1993 Series B School Improvement General Obligation Bonds. Because of the deep discount associated with the issuance of capital appreciation bonds, the School District records the annual accretion of the discount interest in the general long-term obligations account group. The bonds were issued for a 23 year period with final maturity at December 1, 2022. The liability for the bonds is recorded in the General Long Term Debt Account Group with annual principal and interest requirements retired from the Debt Service Fund. Principal outstanding at June 30, 2000 amounted to \$8,817,438 including accretion of \$115,001. \$9,653,900 (including premium and after underwriting fees, and other issuance costs) was deposited in and irrevocable trust to provide for all future debt service payments on the refunded 1993 Series B School Improvement Bonds. As of June 30, 2000, \$8,068,616 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the general long-term obligations account group.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The bond issue consists of serial, term, and capital appreciation bonds. The term bonds that mature in the year 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2016, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Year Ending June 30,	Principal Amount to be Redeemed
2012	\$600,000
2013	625,000
2014	660,000
2015	695,000
2016	655,000

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

Fiscal year Ending June 30,	Bonds	Notes	Total
2001	846,113	120,027	966,140
2002	838,239	120,027	958,266
2003	864,770	120,026	984,796
2004	853,993	120,027	974,020
2005	832,580	59,063	891,643
2006-2018	10,136,344	0	10,136,344
Total	14,372,039	539,170	14,911,209
Interest	(4,854,602)	(67,614)	(4,922,216)
Total Principal	\$9,517,437	\$471,556	\$9,988,993

The School District's voted legal debt margin was \$12,877,438 with an unvoted debt margin of \$304,195 at June 30, 2000.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

16. INTERFUND ACTIVITY

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

Fund Type/Fund	Receivables Interfund	Payables Interfund
General Fund	\$24,000	\$0
Special Revenue Fund:		
Adult Basic Education	0	2,000
Goals 2000	0	5,000
Total Special Revenue	0	7,000
Enterprise Fund:		
Uniform School Supplies	0	17,000
Total Enterprise Funds	0	17,000
Total Interfund	\$24,000	\$24,000

Fund Type/Fund	Receivables Due From	Payables Due To
General Fund	\$16,283	\$0
Special Revenue Fund:		
Auxiliary Services	0	16,283
Total Special Revenue	0	16,283
Total Due to/Due From	\$16,283	\$16,283

17. CONTRACTUAL COMMITMENTS

As of June 30, 2000, the District had no material contractual commitments outstanding.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and special enterprise services. The table below reflects the more significant financial data relating to the enterprise funds of the Steubenville City School District as of and for the fiscal year ended June 30, 2000.

	Food Service Fund	Uniform School Supplies Fund	Special Enterprise Fund	Total Enterprise Funds
Operating Revenues	\$147,985	\$0	\$17,751	\$165,736
Depreciation Expense	33,221	0	0	33,221
Operating Income (Loss)	(495,795)	(571)	1,375	(494,991)
Donated Commodities	29,132	0		29,132
Operating Grants	423,274	0	0	423,274
Interest	9,350	0	0	9,350
Net Income (Loss)	(34,039)	(571)	1,375	(33,235)
Fixed Assets Additions	8,843	0	0	8,843
Net Working Capital	176,804	(9,380)	27,569	194,993
Total Assets	494,989	7,620	27,574	530,183
Total Equity	423,720	(9,380)	27,569	441,909
Encumbrances Outstanding at June 30, 2000	\$ 37,857		\$ 2,128	\$ 39,985

19. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid Eastern Regional Education Service Agency - The School District is a participant in the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA was created as a regional council of governments pursuant to state statutes. OME-RESA provides financial accounting services, educational management information system services, cooperative purchase services, in service services, and legal services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by member districts. Each district has one vote in all matters. Each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Board of Education office services as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the District's continued participation. The School District paid OME-RESA \$18,144 for services provided during the year. Financial information can be obtained the Director, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Jefferson County Joint Vocational School - The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the five participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at RD#1, Bloomingdale, Ohio 43910.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

20. INSURANCE PURCHASING POOL

Ohio School Boards Association Workers' Compensation Group Rating Plan - 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, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

21. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2000.

B. Litigation

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

22. SET-ASIDE CALCULATIONS

The School District is required by State statute to annually set aside an amount based on prior fiscal year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by fiscal year end or offset by similarly restricted resources must be held in cash at fiscal year end and carried forward to be used for the same purposes in future fiscal years. Amounts are also to be set aside if the School District's base amount used for the yearly set-aside calculation increases three percent or more from the prior fiscal year. This amount is to be included in the budget stabilization reserve.

The following information describes any changes in the amounts set-aside for textbooks and instructional materials, capital improvements, and budget stabilization from the end of the prior year to the end of the current fiscal year.

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$159,785	\$125,852	\$82,938
Current Year Set-aside Requirement	0	240,409	240,409
Qualifying Disbursements	0	(276,636)	(166,741)
Set-aside Reserve Balance as of June 30, 2000	<u>\$159,785</u>	<u>\$ 89,625</u>	<u>\$156,606</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)**

22. SET-ASIDE CALCULATIONS (Continued)

The total reserve balance for the three set-asides at the end of the fiscal year was \$406,016.

23. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$7,843,018 of school foundation support for its General Fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the School District had been awarded a total of \$15.8 million under this program.

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

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

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	03-PU-99	10.550		\$31,167		\$29,132
National School Lunch Program	04-PU-99	10.555	\$272,725		\$272,725	
National School Breakfast Program	05-PU-99	10.553	68,957		68,957	
Child Care Food Program		10.558	8,725		8,725	
Total U.S. Department of Agriculture - Nutrition Cluster			350,407	31,167	350,407	29,132
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States					11,002	
Title VI-B Flow Through	6B-SF-99	84.027			179,731	
	6B-SF-00		213,306		190,733	
Total Title VI-B			213,306		190,733	
Special Education - Preschool Grant	PG-S1-99	84.173	25,767		18,705	
	PG-S1-00		2,088		9,114	
Total Special Education Pre-School Grant			27,855		27,819	
Total Special Education Cluster			241,161		218,552	
Goals 2000 Grant	G2-SV-00	84.276	30,000		22,348	
	G2-S4-99				2,226	
	G2-S8-00		24,000		11,213	
	G2-S2-99		28,125		49,527	
Total Goals 2000 Grant			82,125		85,314	
Learn and Serve America Grant	SV-S2-99	94.004			4,491	
	SV-S1-99				5,895	
Total Learn and Serve America					10,386	
Raising the Bar Grant	TF-32-00	84.318	100,000		100,000	
	TF-33-00		62,500		62,500	
	TF-34-00		62,500			
Total Raising The Bar Grant			225,000		162,500	
Class Size Reduction Grant	CR-S1-00	84.340	130,431		107,914	
	CR-S1-99				99,129	
			130,431		207,043	
State Improvement Grant Subsidy	ST-S1-99	84.323	80,326		55,961	
Grants to Local Educational Agencies (ESEA Title I)						
	C1-S1-99	84.010	106,916		241,406	
	C1-S1-99C		104,103		101,881	
	C1-S1-00		915,459		852,401	
Total Title I			1,126,478		1,195,688	
Even Start	EV-S1-99	84.213			45,931	
	EV-S4-99P		17,761		17,761	
	EV-S1-00		91,269		66,585	
Total Even Start			109,030		130,277	
Innovative Educational Program Strategies	C2-S1-98C	84.298			440	
	C2-S1-99		(2,543)		1,032	
	C2-S1-99C		6,081		5,867	
	C2-S1-00		25,138		20,145	
Total Innovative Educational Programs			28,676		27,484	
Child Care and Development Block Grant	DC-S1-95	93.575			552	
	DC-S1-98				462	
	DC-S1-00				5,179	
					6,193	
Drug-Free Schools Grant	DR-S1-99	84.186	1,334		8,381	
	DR-S1-00		11,072		7,018	
Total Drug Free School Grant			12,406		15,399	
Impact Aid		84.041	8,695			

STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

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

	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Title II - Dwight D. Eisenhower Program	MS-S1-97C	84.281			28	
	MS-S1-99				10,914	
	MS-S1-00		10,694		1,799	
Total Title II			10,694		12,741	
Adult Basic Education	AB-S1-98C	84.002			2,534	
	AB-S1-99		7,150		21,937	
	AB-S1-99C		10,873		7,770	
	AB-S1-00		14,207		49,191	
Total Adult Basic Education			32,230		81,432	
Vocational Education Basic Grants to States	FY 99	84.048	4,500		5,056	
	FY 00		15,000		9,720	
			19,500		14,776	
Total Department of Education			<u>2,106,752</u>		<u>2,223,746</u>	
Total Federal Financial Assistance			<u>\$2,457,159</u>	<u>\$31,167</u>	<u>\$2,574,153</u>	<u>\$29,132</u>

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair 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 District had no significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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Facsimile 330-797-9949

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

Steubenville City School District
Jefferson County
932 North Fifth Street
Steubenville, Ohio 43952

To the Board of Education:

We have audited the financial statements of Steubenville City School District as of and for the year ended June 30, 2000, and have issued our report thereon dated February 16, 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 Steubenville City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2000-11241-001. We noted certain immaterial instances of noncompliance which we have reported to management of Steubenville City School District in a separate letter dated February 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Steubenville City 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Steubenville City School District
Jefferson County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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

Jim Petro
Auditor of State

February 16, 2001



STATE OF OHIO
OFFICE OF THE AUDITOR

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

Steubenville City School District
Jefferson County
932 North Fifth Street
Steubenville, Ohio 43952

To the Board of Education:

Compliance

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

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

Internal Control Over Compliance

The management of Steubenville City 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 Steubenville City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

Jim Petro
Auditor of State

February 16, 2001

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY
7/1/99 THROUGH 6/30/00**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505**

1. SUMMARY OF AUDITOR'S RESULTS

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JULY 1, 1999 THROUGH JUNE 30, 2000**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
(Continued)**

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

<i>Finding Number</i>	2000-11241-01-1140-00-001
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Ohio Revised Code § 5705.39 states that appropriations from each fund are limited to the estimated resources of that fund, as certified by the Budget Commission. During fiscal year 2000, appropriations of the Special Revenue Fund Type exceeded the total estimated resources by \$750,566, approximately 15% of total appropriations.

The District should not post or consider any appropriation effective until the County Auditor files a certificate with the District that the total appropriations from each fund do not exceed the official certificate of estimated resources or the amended official certificate. The District was advised that Ohio Revised Code § 5705.36 permits a subdivision to obtain an amended certificate for revenues received in excess of the prior estimate or from a new source.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

<i>Finding Number</i>	
NONE	



STATE OF OHIO
OFFICE OF THE AUDITOR

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STEUBENVILLE CITY SCHOOL DISTRICT

JEFFERSON 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 13, 2001**