



**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**REGULAR AUDIT**

**FOR THE YEARS ENDED JUNE 30, 1999 and JUNE 30, 2000**



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

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**STATE OF OHIO**



**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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**STATE OF OHIO  
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## **REPORT OF INDEPENDENT ACCOUNTANTS**

Leetonia Exempted Village School District  
Columbiana County  
450 Walnut Street  
Leetonia, OH 44431

To the Board of Education:

We have audited the financial statements of the Leetonia Exempted Village School District, Columbiana County, as of and for the years ended June 30, 1999 and June 30, 2000. These financial statements are the responsibility of the District's. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as discussed below, 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.

Ohio Administrative Code Section 117-2-01 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles. However, as discussed in Note 1, the School District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a comprehensive basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time.

We were unable to obtain adequate accounting records such as subsidiary ledgers, purpose and budget statements, sales projection forms, sales summary forms, or duplicate receipts for the Agency Fund Type Extracurricular receipts, for fiscal years 2000 and 1999. We were unable to perform procedures to satisfy ourselves regarding those receipts. Those receipts represent 100% of Agency Fund Type receipts for the years ended June 30, 2000 and 1999.

In our opinion, except for the effects of such adjustment, if any, as might have been determined to be necessary had Agency Fund Extracurricular receipts been susceptible to satisfactory audit tests, the financial statements referred to above present fairly, in all material respects, the combined cash, investments, and combined fund cash balances and reserve for encumbrances of Leetonia Exempted Village School District as of June 30, 1999 and June 30, 2000, and its combined cash receipts and disbursements and its combined budgeted and actual receipts and budgeted and actual disbursements and encumbrances, for the years then ended on the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 14, 2001 on our consideration of the Leetonia Exempted Village School District's internal control over financial reporting and our tests of its compliance with laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

This report is intended solely for the information and use of the management, Board of Education and other officials authorized to receive this report under Section 117.26, Ohio Revised Code, and is not intended to be and should not be used by anyone other than these parties.

**Jim Petro**  
Auditor of State

February 14, 2001

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LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types			Capital Projects	Fiduciary Fund Type Expendible Trust	Total (Memorandum Only)
	General	Special Revenue	Debt Service			
<b>Cash Receipts:</b>						
Receipts from Local Sources:						
Taxes	\$1,279,759	\$22,121	\$132,381	\$197,404		\$1,631,665
Transportation Fees	11,036					11,036
Earnings on Investment	103,202			185,543	191	288,936
Extracurricular Activities	1,472	9,187				10,659
Classroom Materials and Fees	18,145					18,145
Miscellaneous Receipts	12,798	82,083		11,000	1,000	106,881
Receipts from State Sources:						
Unrestricted Grants-In-Aid	3,010,763	2,788	17,565	26,759		3,057,875
Restricted Grants-In-Aid		50,233		2,551,457		2,601,690
Revenue for/on Behalf of District	169,360					169,360
Receipts from Federal Sources:						
Restricted Grants-In-Aid		174,861				174,861
Revenue for/on Behalf of District		5,161				5,161
Total Cash Receipts	<u>4,606,535</u>	<u>346,434</u>	<u>149,946</u>	<u>2,972,163</u>	<u>1,191</u>	<u>8,076,269</u>
<b>Cash Disbursements:</b>						
Current:						
Instruction:						
Regular	2,390,008	28,151		53,929		2,472,088
Special	328,291	155,129				483,420
Vocational Education	65,608					65,608
Other	13,251					13,251
Support Services:						
Pupils	257,714	22,885			3,340	283,939
Instructional Staff	112,286	19,620				131,906
Board of Education	13,657					13,657
School Administration	386,929	10,008				396,937
Fiscal	98,303					98,303
Business	259					259
Operation and Maintenance - Plant	375,680			2,501		378,181
Student Transportation	195,770	2,726		53,520		252,016
Central	40,172					40,172
Operation of Non-Instructional Services:						
Community Services		817				817
Other Operation of Non-Instruct. Serv.	38,174					38,174
Extracurricular Activities:						
Academic and Subject Oriented		1,860				1,860
Sports Oriented	67,397	51,451				118,848
Co-Curricular Activities		24,932				24,932
Facilities Acquisition and Construction Services:						
Site Improvement				106,884		106,884
Architecture and Engineering				405,591		405,591
Building Improvement	971			239		1,210
Other Facilities Acquisition and Construction				12,342		12,342
Repayment of Debt			2,146,141			2,146,141
Total Cash Disbursements	<u>4,384,470</u>	<u>317,579</u>	<u>2,146,141</u>	<u>635,006</u>	<u>3,340</u>	<u>7,486,536</u>
Excess of Cash Receipts (Under) Cash Disbursements	<u>222,065</u>	<u>28,855</u>	<u>(1,996,195)</u>	<u>2,337,157</u>	<u>(2,149)</u>	<u>589,733</u>
<b>Other Financing Sources (Uses):</b>						
Premium and Accrued Interest on Bonds/Notes Sold			6,740			6,740
Sale of Bonds			1,654,000			1,654,000
Sale of Notes			250,000			250,000
Transfers In	14,975		62,100			77,075
Advances In	17,265	4,890				22,155
Refund Prior Year Expenditure	484	200				684
Transfers Out	(77,075)					(77,075)
Advances Out	(4,889)	(15,715)				(20,604)
Total Other Financing Sources	<u>(49,240)</u>	<u>(10,625)</u>	<u>1,972,840</u>			<u>1,912,975</u>
Excess of Cash Receipts and Other Financing Sources Over/(Under) Cash Disbursements and Other Financing (Uses)	<u>172,825</u>	<u>18,230</u>	<u>(23,355)</u>	<u>2,337,157</u>	<u>(2,149)</u>	<u>2,502,708</u>
Fund Cash Balances, July 1, 1999	<u>1,369,054</u>	<u>81,137</u>	<u>97,705</u>	<u>2,307,046</u>	<u>39,495</u>	<u>3,894,437</u>
<b>Fund Cash Balances, June 30, 2000</b>	<u><b>\$1,541,879</b></u>	<u><b>\$99,367</b></u>	<u><b>\$74,350</b></u>	<u><b>\$4,644,203</b></u>	<u><b>\$37,346</b></u>	<u><b>\$6,397,145</b></u>
<b>Reserved for Encumbrances, June 30, 2000</b>	<u><b>\$2,011</b></u>	<u><b>\$2,039</b></u>		<u><b>\$132</b></u>		<u><b>\$4,182</b></u>

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



**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Agency	
<b>Operating Cash Receipts:</b>				
Food Service	\$92,727			\$92,727
Extracurricular Activities		307	47,760	48,067
<b>Total Operating Cash Receipts</b>	<u>92,727</u>	<u>307</u>	<u>47,760</u>	<u>140,794</u>
<b>Operating Cash Disbursements:</b>				
Personal Services - Salaries	63,690			63,690
Employees' Retirement and Insurance	29,972			29,972
Purchased Services	2,352	79,766		82,118
Supplies and Materials	63,469	405		63,874
Other Objects		338,587	48,346	386,933
<b>Total Operating Cash Disbursements</b>	<u>159,483</u>	<u>418,758</u>	<u>48,346</u>	<u>626,587</u>
Excess of Operating Cash Receipts (Under) Operating Cash Disbursements	<u>(66,756)</u>	<u>(418,451)</u>	<u>(586)</u>	<u>(485,793)</u>
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous Receipts		355,263		355,263
State Sources:				
Unrestricted Grants-In-Aid	4,845			4,845
Federal Sources:				
Unrestricted Grants-In-Aid	78,873			78,873
<b>Total Non-Operating Cash Receipts</b>	<u>83,718</u>	<u>355,263</u>		<u>438,981</u>
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and A	16,962	(63,188)	(586)	(46,812)
Advances Out	(1,550)			(1,550)
<b>Total Interfund Transfers</b>	<u>(1,550)</u>			<u>(1,550)</u>
Excess of Cash Receipts (Under) Cash Disbursements	15,412	(63,188)	(586)	(48,362)
Fund Cash Balances, July 1, 1999	1,069	614,348	16,343	631,760
<b>Fund Cash Balances, June 30, 2000</b>	<u>\$16,481</u>	<u>\$551,160</u>	<u>\$15,757</u>	<u>\$583,398</u>
<b>Reserve for Encumbrances, June 30, 2000</b>	<u>\$8</u>		<u>\$516</u>	<u>\$524</u>

*The notes to the financial statements are an integral part of this statement.*

LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES**  
**ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPE**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary	Total (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Fund Type Expendible Trust	
<b>Cash Receipts:</b>						
Receipts from Local Sources:						
Taxes	\$1,185,838	\$10,524	\$148,554	\$95,502		\$1,440,418
Transportation Fees	8,895					8,895
Earnings on Investment				\$98,632	2,652	101,284
Extracurricular Activities	1,406	76,742				78,148
Classroom Materials and Fees	14,370					14,370
Miscellaneous Receipts	8,081			5,333	4,745	18,159
Receipts from State Sources:						
Unrestricted Grants-In-Aid	2,950,125	1,367	15,694	12,930		2,980,116
Restricted Grants-In-Aid		62,601		520,422		583,023
Revenue for/on Behalf of District	230,015					230,015
Receipts from Federal Sources:						
Restricted Grants-In-Aid		182,578				182,578
Revenue for/on Behalf of District		3,493				3,493
Total Cash Receipts	<u>4,398,730</u>	<u>337,305</u>	<u>164,248</u>	<u>732,819</u>	<u>7,397</u>	<u>5,640,499</u>
<b>Cash Disbursements:</b>						
Current:						
Instruction:						
Regular	2,179,159	27,792		37,663		2,244,614
Special	301,696	159,885				461,581
Vocational Education	65,715					65,715
Other	11,699					11,699
Support Services:						
Pupils	216,851	17,748			2,343	236,942
Instructional Staff	114,856	25,163				140,019
Board of Education	12,380					12,380
School Administration	350,592	8,239				358,831
Fiscal	110,620					110,620
Business	259					259
Operation and Maintenance	379,186			14,180		393,366
Student Transportation	174,486	2,235		50,677		227,398
Central	33,168					33,168
Operation of Non-Instructional Services:						
Food Services						
Other Operation of Non-Instruct. Serv.	24,048					24,048
Extracurricular Activities:						
Academic and Subject Oriented		5,666				5,666
Occupation Oriented						
Sports Oriented	65,527	55,683				121,210
Co-Curricular Activities		15,647				15,647
Facilities Acquisition and Construction Services:						
Architecture and Engineering				30,394		30,394
Building Improvement	7,776			166,637		174,413
Repayment of Debt			107,586			107,586
Total Cash Disbursements	<u>4,048,018</u>	<u>318,058</u>	<u>107,586</u>	<u>299,551</u>	<u>2,343</u>	<u>4,775,556</u>
Excess of Cash Receipts (Under)						
Cash Disbursements	<u>350,712</u>	<u>19,247</u>	<u>56,662</u>	<u>433,268</u>	<u>5,054</u>	<u>864,943</u>
<b>Other Financing Sources (Uses):</b>						
Sale of Bonds				1,654,000		1,654,000
Transfers In	34,050		36,252			70,302
Advances In	20,136	15,715				35,851
Refund Prior Year Expenditure		15				15
Transfers Out	(70,302)					(70,302)
Advances Out	(17,265)	(20,136)				(37,401)
Pass Through Payments						
Total Other Financing Sources	<u>(33,381)</u>	<u>(4,406)</u>	<u>36,252</u>	<u>1,654,000</u>		<u>1,652,465</u>
Excess of Cash Receipts and Other Financing						
Sources Over/(Under) Cash Disbursements	<u>317,331</u>	<u>14,841</u>	<u>92,914</u>	<u>2,087,268</u>	<u>5,054</u>	<u>2,517,408</u>
and Other Financing (Uses)						
Fund Cash Balances, July 1, 1998	<u>1,051,723</u>	<u>66,296</u>	<u>4,791</u>	<u>219,778</u>	<u>34,441</u>	<u>1,377,029</u>
<b>Fund Cash Balances, June 30, 1999</b>	<u>\$1,369,054</u>	<u>\$81,137</u>	<u>\$97,705</u>	<u>\$2,307,046</u>	<u>\$39,495</u>	<u>\$3,894,437</u>
<b>Reserved for Encumbrances, June 30, 1999</b>	<u>\$13,877</u>	<u>\$2,987</u>		<u>\$108,257</u>		<u>\$125,121</u>

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

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND CHANGES IN FUND CASH BALANCES  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Type		Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Internal Service	Agency	
<b>Operating Cash Receipts:</b>				
Food Service	\$109,223			\$109,223
Extracurricular Activities		316	40,056	40,372
Total Operating Cash Receipts	109,223	316	40,056	149,595
<b>Operating Cash Disbursements:</b>				
Personal Services - Salaries	72,548			72,548
Employees' Retirement and Insurance	29,194			29,194
Purchased Services	999	71,256		72,255
Supplies and Materials	64,303	401		64,704
Capital Outlay	33,003			33,003
Other Objects		205,725	41,326	247,051
Total Operating Cash Disbursements	200,047	277,382	41,326	518,755
Excess of Operating Cash Receipts (Under) Operating Cash Disbursements	(90,824)	(277,066)	(1,270)	(369,160)
<b>Non-Operating Cash Receipts:</b>				
Miscellaneous Receipts		383,231		383,231
State Sources:				
Unrestricted Grants-In-Aid	3,837			3,837
Federal Sources:				
Unrestricted Grants-In-Aid	57,011			57,011
Total Non-Operating Cash Receipts	60,848	383,231		444,079
Excess of Cash Receipts Over/(Under) Cash Disbursements Before Interfund Transfers and Advances	(29,976)	106,165	(1,270)	74,919
Advances In	1,550			1,550
Total Interfund Transfers	1,550			1,550
Excess of Cash Receipts (Under) Cash Disbursements	(28,426)	106,165	(1,270)	76,469
Fund Cash Balances, July 1, 1998	29,495	508,183	17,614	555,292
<b>Fund Cash Balances, June 30, 1999</b>	<b>\$1,069</b>	<b>\$614,348</b>	<b>\$16,344</b>	<b>\$631,761</b>
<b>Reserve for Encumbrances, June 30, 1999</b>			<b>\$1,028</b>	<b>\$1,028</b>

*The notes to the financial statements are an integral part of this statement.*

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

<b>Fund Types/Funds</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Governmental Fund Types:</b>			
General Fund	\$4,500,600	\$4,621,994	\$121,394
Special Revenue Funds	338,355	346,634	8,279
Debt Service Funds	1,866,300	2,122,786	256,486
Capital Projects Funds	3,084,278	2,972,163	(112,115)
<b>Proprietary Fund Type:</b>			
Enterprise Funds	166,750	176,445	9,695
Internal Service Funds	382,600	355,570	(27,030)
<b>Fiduciary Fund Type:</b>			
Trust and Agency Funds	<u>36,455</u>	<u>48,951</u>	<u>12,496</u>
<b>Total (Memorandum Only)</b>	<b><u><u>\$10,375,338</u></u></b>	<b><u><u>\$10,644,543</u></u></b>	<b><u><u>\$269,205</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

Fund Types/Funds	Prior Year Carryover Appropriations	2000 Appropriations	Total	Actual 2000 Disbursements	Encumbrances Outstanding at 6/30/00	Total	Variance Favorable (Unfavorable)
<b>Governmental Fund Types:</b>							
General Fund	\$13,877	\$4,520,000	\$4,533,877	\$4,461,545	\$2,011	\$4,463,556	\$70,321
Special Revenue Funds	2,987	334,200	337,187	317,579	2,039	319,618	17,569
Debt Service Funds		1,897,000	1,897,000	2,146,141		2,146,141	(249,141)
Capital Projects Funds	108,257	622,000	730,257	635,006	132	635,138	95,119
<b>Proprietary Fund Type:</b>							
Enterprise Funds		165,000	165,000	159,483	8	159,491	5,509
Internal Service Funds		421,000	421,000	418,758		418,758	2,242
<b>Fiduciary Fund Type:</b>							
Trust and Agency Funds	1,028	52,000	53,028	51,686	516	52,202	826
<b>Total (Memorandum Only)</b>	<b><u>\$126,149</u></b>	<b><u>\$8,011,200</u></b>	<b><u>\$8,137,349</u></b>	<b><u>\$8,190,198</u></b>	<b><u>\$4,706</u></b>	<b><u>\$8,194,904</u></b>	<b><u>(\$57,555)</u></b>

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

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF RECEIPTS - BUDGET AND ACTUAL  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

<b>Fund Types/Funds</b>	<b>Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Governmental Fund Types:</b>			
General Fund	\$4,337,300	\$4,432,780	\$95,480
Special Revenue Funds	545,800	337,320	(208,480)
Debt Service Funds	162,200	200,500	38,300
Capital Projects Funds	2,142,600	2,386,819	244,219
<b>Proprietary Fund Type:</b>			
Enterprise Funds	160,000	170,071	10,071
Internal Service Funds	351,700	383,547	31,847
<b>Fiduciary Fund Type:</b>			
Trust and Agency Funds	<u>45,400</u>	<u>47,453</u>	<u>2,053</u>
<b>Total (Memorandum Only)</b>	<b><u><u>\$7,745,000</u></u></b>	<b><u><u>\$7,958,490</u></u></b>	<b><u><u>\$213,490</u></u></b>

*The notes to the financial statements are an integral part of this statement.*

LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY

COMBINED STATEMENT OF DISBURSEMENTS AND  
ENCUMBRANCES COMPARED WITH EXPENDITURE AUTHORITY  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

Fund Types/Funds	Prior Year Carryover Appropriations	1999 Appropriations	Total	Actual 1999 Disbursements	Encumbrances Outstanding at 6/30/99	Total	Variance Favorable (Unfavorable)
<b>Governmental Fund Types:</b>							
General Fund	\$13,688	\$4,095,939	\$4,109,627	\$4,118,320	\$13,877	\$4,132,197	(\$22,570)
Special Revenue Funds	15,213	328,044	343,257	318,058	2,987	321,045	22,212
Debt Service Funds		102,200	102,200	107,586		107,586	(5,386)
Capital Projects Funds	62,962	257,105	320,067	299,551	108,257	407,808	(87,741)
<b>Proprietary Fund Type:</b>							
Enterprise Funds		183,560	183,560	200,047		200,047	(16,487)
Internal Service Funds		299,150	299,150	277,382		277,382	21,768
<b>Fiduciary Fund Type:</b>							
Trust and Agency Funds	6,164	29,242	35,406	43,669	1,028	44,697	(9,291)
<b>Total (Memorandum Only)</b>	<b><u>\$98,027</u></b>	<b><u>\$5,295,240</u></b>	<b><u>\$5,393,267</u></b>	<b><u>\$5,364,613</u></b>	<b><u>\$126,149</u></b>	<b><u>\$5,490,762</u></b>	<b><u>(\$97,495)</u></b>

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

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**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Description of the Entity**

The Leetonia Exempted Village School District, Columbiana County, (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. Leetonia Exempted Village School District is an exempted village school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District.

Average daily membership (ADM) as of October 1, 1999 was 835. The School District employed 59 certificated employees and 27 non-certificated employees.

Management believes the financial statements included in this report represent all of the funds of the School District over which the School District has the ability to exercise direct operating control.

**B. Basis of Accounting**

Although required by Ohio Administrative Code Section 117-2-01 to prepare its annual financial report in accordance with generally accepted accounting principles, the School District chooses to prepare its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State. This basis of accounting is similar to the cash receipts and disbursements basis of accounting. Receipts are recognized when received in cash rather than when earned, and disbursements are recognized when paid rather than when a liability is incurred. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

These statements include adequate disclosure of material matters, as formerly prescribed or permitted by the Auditor of State.

**C. Investments**

Investment procedures are restricted by the provisions of the Revised Code. Purchased investments are valued at cost and are neither charged when purchased nor credited at the time of redemption to their respective fund balances. Interest earned is recognized and recorded when received.

**D. Fund Accounting**

The School District uses fund accounting to segregate cash and investments that are restricted as to use. The School District classifies its funds into the following types:

**1. General Fund**

The General Fund is the general operating fund and is used to account for all financial resources except those required by law or contract to be accounted for in another fund.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**2. Special Revenue Funds**

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

**3. Debt Service Funds**

These funds are used to account for the accumulation of resources for, and the payment of general long-term debt principal, interest and related costs. According to the government accounting principles, the debt service fund accounts for the payment of long-term debt for governmental funds only. Under Ohio law, the debt service fund might also be used to account for the payment of long-term debt of proprietary funds and the short-term debt of both governmental and proprietary funds. For the purpose of this report, these funds have been classified into the proper groups if practical.

**4. Capital Projects Funds**

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

**5. Enterprise Funds**

Enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs of providing goods and services to the general public on a continuing basis be financed or recovered primarily through user charges; or (b) where the governing body has 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 purpose.

**6. Internal Service Funds**

Internal Service funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the District, or other governments, on a cost reimbursement basis.

**7. Trust & Agency Funds**

Trust and Agency funds are used to account for assets held by a governmental unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. These include Expendable Trust and Agency Funds.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Budgetary Process**

**1. Budget**

A budget of estimated cash receipts and disbursements is submitted to the county auditor, as secretary of the county budget commission, by January 20 of each year, for the period July 1 to June 30 of the following year.

**2. Estimated Resources**

The county budget commission certifies its actions to the School District by March 1. As part of this certification, the School District receives the official certificate of estimated resources which states the projected receipts of each fund. On or about July 1, this certificate is amended to include any unencumbered balances from the preceding year. Prior to June 30, the School District must revise its budget so that the total contemplated expenditures from a fund during the ensuing fiscal year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriation measure. Budget receipts as shown in the accompanying financial statements do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

**3. Appropriations**

A temporary appropriation measure to control cash disbursements may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation measure must be passed by October 1 of each year for the period July 1 to June 30. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources.

**4. Encumbrances**

The School District is required to use the encumbrance method of accounting by virtue of Ohio law. Under this system, purchase orders, contracts and other commitments for the expenditure of funds are recorded in order to reserve the portion of the applicable appropriation.

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 appropriations. The encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated.

**F. Property, Plant and Equipment**

Fixed assets acquired or constructed for general governmental service are recorded as expenditures. Depreciation is not recorded for these fixed assets.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**G. Total Columns on Financial Statements**

Total columns on the financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. This data is not comparable to a consolidation. Interfund- type eliminations have not been made in the aggregation of this data.

**H. Unpaid Vacation and Sick Leave**

Employees are entitled to cash payments for unused vacation and sick leave in certain circumstances, such as upon leaving employment. Unpaid vacation and sick leave are not reflected as liabilities under the basis of accounting described in Note 1.

**2. EQUITY IN POOLED CASH AND INVESTMENTS**

The School District maintains a cash and investment pool used by all funds.

**Legal Requirements:** Statutes require the classification of monies held by the School District into three categories.

Category A consists of "active" monies, those monies required to be kept in a "cash" or "near cash" status for immediate use by the School District. Such monies must be maintained either as cash in the School District treasury or negotiable order of withdrawal (NOW) accounts.

Category B consists of "inactive" monies, those monies not required for use within the current two year period of designation of depositories. Inactive monies may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category C consists of "interim" monies, those monies which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim monies may be invested or deposited 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;

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

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);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and, [delete if treasurer has not attended necessary training program]
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Deposits - At June 30, 1999, the carrying amount of the School District's deposits was \$605,289 and the bank balance was \$747,199. Of the bank balance, \$166,182 was covered by federal depository insurance; and \$581,017 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments - The School District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

1. Securities held by the entity or its agent in the entity's name (Category 1).
2. Securities held by the counterparty's trust department or agent in the entity's name (Category 2).
3. Securities held by the counterparty, or by its trust department or agent but not in the entity's name (Category 3).

	<b>Category 3</b>	<b>Carrying Value</b>	<b>Market Value</b>
<b>Huntington Capital Corporation</b>			
FHLMC	\$999,553	\$999,553	\$999,553
<b>Key Investments Inc.</b>			
FHLB	\$600,000	\$600,000	\$600,000
<b>Star Ohio (*)</b>		\$2,321,356	\$2,321,356
<b>Total Investments</b>	\$1,599,553	\$3,920,909	\$3,920,909

(\*) Star Ohio is an unclassified investment as it does not exist in physical or book entry form.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**2. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)**

Deposits - At June 30, 2000, the carrying amount of the School District's deposits was \$1,430,660 and the bank balance was \$1,775,647. Of the bank balance, \$300,000 was covered by federal depository insurance; and \$1,475,647 was covered by collateral held by third party trustees pursuant to Section 135.181, Revised Code, in collateral pools securing all public funds on deposit with specific depository institutions.

Investments - The School District's investments are categorized below to give an indication of the level of risk assumed by the entity at year-end.

1. Securities held by the entity or its agent in the entity's name (Category 1).
2. Securities held by the counterparty's trust department or agent in the entity's name (Category 2).
3. Securities held by the counterparty, or by its trust department or agent but not in the entity's name (Category 3).

	Category 3	Carrying Value	Market Value
<b>Huntington Capital Corporation</b>			
FHLMC	\$1,224,036	\$1,224,036	\$1,224,036
Commercial Paper	\$782,150	\$782,150	\$782,150
<b>Key Investments Inc.</b>			
FHLB	\$600,000	\$600,000	\$600,000
<b>Star Ohio (*)</b>		\$2,943,693	\$2,943,693
<b>Total Investments</b>	<b>\$2,606,186</b>	<b>\$5,549,879</b>	<b>\$5,549,879</b>

(\*) Star Ohio is an unclassified investment as it does not exist in physical or book entry form.

**3. PROPERTY TAX**

Real property taxes are levied on assessed values which equal 35% of appraised value. The county auditor reappraises all real property every three years with a triennial update. The last update for Columbiana County was completed for tax year 1998 and 1999 for Mahoning County.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. 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 of the following year. Under certain circumstances, state statute permits later payment dates to be established.

Columbiana County and Mahoning County tax rates are combined. The full tax rate applied to real property for the tax (calendar) year 1999 was \$43.96 per \$1000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate was \$35.46 per \$1000 of assessed valuation for real property classified as residential/agricultural and \$35.45 per \$1000 of assessed valuation for all other real property. Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**3. PROPERTY TAX - (Continued)**

Owners of tangible personal property are required to file a list of such property including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for the tax (calendar) year 1999 was \$43.96 per \$1000 of assessed valuation.

	<b>Columbiana County</b>
Real Property - 1999 Valuation	
Commercial/Industrial	\$ 4,070,380
Residential/Agricultural	8,106,750
Gas/Oil/Minerals	18,630
Tangible Personal Property - 1999 Valuation	
General	2,123,630
Public Utilities	<u>5,390,020</u>
 Total Valuation	 <u><u>\$49,709,410</u></u>

The Columbiana County Treasurer and the Mahoning County Treasurer collect property taxes on behalf of all taxing districts within their respective county. The Columbiana County Auditor and the Mahoning County Auditor periodically remit to the taxing districts their portions of the taxes collected.

**4. DEBT**

Debt outstanding at outstanding at June 30, 2000 was as follows:

	<u>Principal</u>	<u>Interest Rate</u>
General Obligation Notes	\$ 325,372	5.00 to 5.35%
General Obligation Bonds	\$1,615,000	5.36%

Outstanding general obligation notes consisted of three school building energy conservation notes. These notes are to be repaid as follows:

The 1993 note is to be repaid utilizing one annual interest and principal payment through September 2003.

The 1996 note is to be repaid utilizing quarterly interest payments and one annual principal payment through December 2004.

The 2000 note is to be repaid utilizing quarterly interest payments and one annual principal payment through July 2004.

Outstanding general obligation bonds consist of school improvement issues. These bonds are direct obligations of the School District for which its full faith, credit, and resources are pledged, and are payable from taxes levied on all taxable property in the School District.

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**4. DEBT - (Continued)**

The School District incurred new debt obligations in 2000. These debt instruments were in the form of: (1) general obligation notes to be used to refinance the remaining balance of \$250,000 of a previous general obligation note; (2) general obligation bonds for school improvement including the construction of a new school building which will house all the district's students.

The annual requirements to amortize all outstanding bonded debt as of June 30, 2000, including interest payments of \$1,191,411 is are presented below and the annual requirements to amortize all outstanding note debt as of June 30, 2000, including interest payments of \$ 49,953 are also presented below:

<u>Year ending December 31:</u>	<u>General Obligation Bonds</u>	<u>General Obligation Notes</u>
<b>2000</b>	<b>\$ 127,977</b>	<b>\$ 84,592</b>
<b>2001</b>	<b>135,988</b>	<b>81,002</b>
<b>2002</b>	<b>133,662</b>	<b>77,417</b>
<b>2003</b>	<b>131,275</b>	<b>74,454</b>
<b>Subsequent</b>	<b><u>2,277,509</u></b>	<b><u>57,860</u></b>
<b>TOTAL</b>	<b><u>\$2,806,411</u></b>	<b><u>\$ 375,325</u></b>

**5. INSURANCE**

The School District has obtained commercial insurance for the following risks:

- General liability
- Vehicles
- Errors and omissions

The School District also provides health insurance coverage to full-time employees through a private carrier.

**6. DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

The School Employees Retirement System of Ohio is a state operated, cost sharing, multiple employer public employee retirement system. Full time, permanent, non-certified employees of the School District belong to SERS. SERS provides retirement benefits to vested employees who are eligible to retire based upon years of service. SERS also provides survivor and disability benefits to vested employees.

Employees contribute 9.0% of gross salary. The employer matching share is 14.0% of gross salary. The pension contribution requirement for the School District for the year ended June 30, 2000 was \$125,779 which consisted of \$47,461 from employees and \$78,318 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.



**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**6. DEFINED BENEFIT PENSION PLANS - (Continued)**

**B. State Teachers Retirement System**

The State Teachers Retirement System of Ohio is a state operated, cost sharing, multiple employer public employee retirement system. Full-time certified teachers of the School District belong to STRS. Teachers who are retained on personal service contracts do not participate. STRS provides retirement benefits to vested employees who are eligible to retire based upon years of service. STRS also provides survivor and disability benefits to vested employees.

Employees contribute 9.3% of gross salary. The employer matching share is 14.0% of gross salary. The pension contribution requirement for the School District for the fiscal year ended June 30, 1999 was \$492,596 which consisted of \$179,228 from employees and \$313,368 from the employer. The pension contribution requirement for the School District for the fiscal year ended June 30, 2000 was \$535,185 which consisted of \$197,601 from employees and \$337,584 from the employer. The required percentages for employer and employee contributions for the next fiscal year will be unchanged.

**7. 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 \$2,998,566 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 received a total of \$3,062,445 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 has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered and 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 General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant[ing] further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

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

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000 AND 1999  
(Continued)**

**7. STATE SCHOOL FUNDING DECISION - (Continued)**

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

**8. LEGAL COMPLIANCE-BUDGETARY**

Ohio Revised Code Section 5705.41 (b) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated. The following fund types had expenditures that exceeded their appropriations during and at the conclusion of the fiscal year ending June 30, 1999:

- General Fund Type
- Debt Service Fund Type
- Capital Project Fund Type
- Enterprise Fund Type
- Trust and Agency Fund Type

The Debt Service Fund Type had expenditures that exceeded its appropriations during the fiscal year ending June 30, 2000.

**9. STATUTORY RESERVES**

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. During fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$0	\$0	\$34,053
Current year set-aside requirement	106,367	106,367	14,951
Current year offsets	---	---	---
Qualifying Disbursements	<u>(166,755)</u>	<u>(1,654,000)</u>	<u>---</u>
Total	<u>(\$60,388)</u>	<u>(\$1,547,633)</u>	<u>\$49,004</u>
Cash Balance carried forward to FY 2000	<u>\$0</u>	<u>\$0</u>	<u>\$49,004</u>

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



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

Leetonia Exempted Village School District  
Columbiana County  
450 Walnut Street  
Leetonia, OH 44431

To the Board of Education:

We have audited the financial statements of Leetonia Exempted Village School District, Columbiana County ( the District) as of and for the years ended June 30, 1999 and June 30, 2000, and have issued our report thereon dated February 14, 2001 which was qualified due to the lack of evidential matter related to Agency Fund Type receipts, and which indicated that the District prepares its financial statements on a comprehensive basis of accounting other than generally accepted accounting principles. Except as discussed in the preceding sentence, 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 Leetonia Exempted Village 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 instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-11215-001 and 2000-11215-002. We also noted certain immaterial instances of noncompliance that we have reported to management of Leetonia Exempted Village School District in a separate letter dated February 14, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Leetonia Exempted Village School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement, could adversely affect the Leetonia Exempted Village School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 2000-11215-003.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 2000-11215-003 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of Leetonia Exempted Village School District in a separate letter dated February 14, 2001.

This report is intended for the information and use of the management and Board of Education, and is not intended to be and should not be used by anyone other than these specified parties.

**Jim Petro**  
Auditor of State

February 14, 2001

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT  
COLUMBIANA COUNTY  
JUNE 30, 1999 AND JUNE 30, 2000**

**SCHEDULE OF FINDINGS**

<b>FINDING RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
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**Finding # 2000-11215-001**

Ohio Administrative Code Section 117-2-01 requires the School District to prepare its annual financial report in accordance with generally accepted accounting principles.

However, the School District prepares its financial statements on the basis of accounting formerly prescribed or permitted by the Auditor of State, which is a basis of accounting other than generally accepted accounting principles. The accompanying financial statements omit assets, liabilities, fund equities, and disclosures that, while material, cannot be determined at this time. The School District can be fined and various other administrative remedies may be taken against the School District.

It is recommended that the School District prepare its annual financial report in accordance with generally accepted accounting principles.

**Finding # 2000-11215-002**

Ohio Revised Code Section 5705.41 (b) states that no subdivision or taxing unit is to expend money unless it has been properly appropriated. The following fund types had expenditures that exceeded their appropriations during and at the conclusion of the fiscal year. Variances as of June 30, 1999 were as follows:

General Fund Type	\$22,570
Debt Service Fund Type	5,386
Capital Project Fund Type	87,741
Enterprise Fund Type	16,487
Trust and Agency Fund Type	9,291

The Debt Service Fund Type had expenditures that exceeded its appropriations by \$249,141 as of June 30, 2000.

It is recommended that the District review the expenditures and appropriations monthly to be sure that expenditures are within the appropriations.

**Finding # 2000-11215-003**

Student Activity Advisors did not always retain receipts issued to students and the receipts were not always dated and pre-numbered. Furthermore, student activity groups did not have purpose and budget statements, sales projections form, and sales summary forms on file. These weaknesses reduce the control established over student activity receipts and is in noncompliance with the policies and procedures for student activity receipts established by the Board of Education.

It is recommended the Board of Education enforce the Board Policy on Student Activities by implementing the following procedures:

1. Require Student Activity Advisors to issue pre-numbered duplicate receipts and date the receipt when it is issued. This procedure establishes numerical sequence control and documents the date the receipt was issued which in turn indicates the date it should be deposited.
2. Require purpose and budget statements, sales projection forms, and sales forms to be completed at the inception and completion of a student activity.
3. Require Student Activity Advisors to retain copies of receipts issued to students at the conclusion of a fund raiser to provide source information to substantiate the accuracy of the cash received from the fund raiser. The District should consider implementing a process to collect and centrally maintain these documents.

These procedures will help improve controls over Student Activity receipts.



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
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Facsimile 614-466-4490

**LEETONIA EXEMPTED VILLAGE SCHOOL DISTRICT**

**COLUMBIANA 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 1, 2001**