



**IRONTON CITY SCHOOL DISTRICT  
LAWRENCE COUNTY**

**SINGLE AUDIT**

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



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

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**STATE OF OHIO**



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## REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Ironton City School District, Lawrence County, Ohio, (the School District) as of and for the year ended June 30, 1999, as listed in the table of contents. These general purpose financial statements are the responsibility of the School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

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

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Ironton City School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and non-expendable trust fund for the year then ended in conformity with generally accepted accounting principles.

As described in Note 3 to the accompanying general purpose financial statements, during the year ended June 30, 1999, the School District changed its method of accounting for deferred compensation.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 24, 2000, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

Our audit was performed for the purpose of forming an opinion on the general purpose financial statements of the School District taken as a whole. The accompanying Schedule of Federal Awards Receipts and Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

January 24, 2000

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**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,013,399	\$647,235	\$0	\$80,757
Cash and Cash Equivalents with Fiscal Agents	0	0	263	0
Receivables:				
Taxes	2,246,606	0	0	0
Accounts	9,153	1,328	0	0
Intergovernmental	20,706	74,898	0	75,000
Interfund	303,810	0	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	9,503	0	0	0
Prepaid Items	19,417	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	62,946	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
<b>Other Debits:</b>				
Amount to be Provided from General Government Resources	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$3,685,540</b>	<b>\$723,461</b>	<b>\$263</b>	<b>\$155,757</b>



Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$56,315	\$130,583	\$0	\$0	\$1,928,289
0	0	0	0	263
0	0	0	0	2,246,606
0	0	0	0	10,481
30,149	0	0	0	200,753
0	0	0	0	303,810
10,229	0	0	0	10,229
274	0	0	0	9,777
0	0	0	0	19,417
0	0	0	0	62,946
33,661	0	8,119,153	0	8,152,814
0	0	0	1,570,927	1,570,927
<b>\$130,628</b>	<b>\$130,583</b>	<b>\$8,119,153</b>	<b>\$1,570,927</b>	<b>\$14,516,312</b>

(Continued)

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 1999  
(Continued)**

	<b>Governmental Fund Types</b>			
	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>
<b>Liabilities, Fund Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$33,542	\$1,198	\$0	\$150
Contracts Payable	30,733	0	0	8,676
Accrued Wages and Benefits Payable	862,218	81,601	0	0
Compensated Absences Payable	9,743	0	0	0
Retainage Payable	6,979	0	0	3,643
Interfund Payable	0	108,513	9,425	103,488
Intergovernmental Payable	193,269	28,041	0	0
Deferred Revenue	2,061,882	0	0	0
Due to Students	0	0	0	0
Matured Interest Payable	0	0	263	0
Capital Leases Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0
<b>Total Liabilities</b>	<b>3,198,366</b>	<b>219,353</b>	<b>9,688</b>	<b>115,957</b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved Deficit	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	167,715	57,155	0	0
Reserved for Inventory	9,503	0	0	0
Reserved for Property Taxes	184,724	0	0	0
Reserved for Budget Stabilization	62,946	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Unclaimed Monies	12,952	0	0	0
Unreserved, Undesignated (Deficit)	49,334	446,953	(9,425)	39,800
<b>Total Fund Equity (Deficits) and Other Credits</b>	<b>487,174</b>	<b>504,108</b>	<b>(9,425)</b>	<b>39,800</b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b>\$3,685,540</b>	<b>\$723,461</b>	<b>\$263</b>	<b>\$155,757</b>

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

Proprietary Fund Type	Fiduciary Fund Type	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$0	\$17	\$0	\$0	\$34,907
0	0	0	0	39,409
25,206	0	0	0	969,025
19,728	0	0	1,040,343	1,069,814
0	0	0	0	10,622
82,384	0	0	0	303,810
31,728	0	0	157,004	410,042
5,289	0	0	0	2,067,171
0	41,742	0	0	41,742
0	0	0	0	263
0	0	0	15,515	15,515
0	0	0	52,846	52,846
0	0	0	305,219	305,219
<b>164,335</b>	<b>41,759</b>	<b>0</b>	<b>1,570,927</b>	<b>5,320,385</b>
0	0	8,119,153	0	8,119,153
169,829	0	0	0	169,829
(203,536)	0	0	0	(203,536)
0	0	0	0	224,870
0	0	0	0	9,503
0	0	0	0	184,724
0	0	0	0	62,946
0	82,336	0	0	82,336
0	0	0	0	12,952
0	6,488	0	0	533,150
<b>(33,707)</b>	<b>88,824</b>	<b>8,119,153</b>	<b>0</b>	<b>9,195,927</b>
<b>\$130,628</b>	<b>\$130,583</b>	<b>\$8,119,153</b>	<b>\$1,570,927</b>	<b>\$14,516,312</b>

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**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Property Taxes	\$2,226,533	\$0	\$0	\$0	\$0	\$2,226,533
Intergovernmental	6,311,351	2,347,909	0	246,821	0	8,906,081
Interest	75,458	1,911	0	0	0	77,369
Tuition and Fees	3,144	0	0	0	0	3,144
Rent	135,531	0	0	0	0	135,531
Extracurricular Activities	0	199,481	0	0	0	199,481
Miscellaneous	126,019	2,668	0	0	269	128,956
<b>Total Revenues</b>	<b>8,878,036</b>	<b>2,551,969</b>	<b>0</b>	<b>246,821</b>	<b>269</b>	<b>11,677,095</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction						
Regular	3,989,932	799,204	0	159,382	0	4,948,518
Special	790,811	573,513	0	0	0	1,364,324
Vocational	189,139	0	0	0	0	189,139
Adult/Continuing	0	84,868	0	0	0	84,868
Other	18,398	0	0	0	0	18,398
Support Services						
Pupils	406,602	78,755	0	0	0	485,357
Instructional Staff	205,878	193,520	0	0	0	399,398
Board of Education	144,970	7,139	0	0	806	152,915
Administration	753,887	33,028	0	0	0	786,915
Fiscal	315,422	1,732	0	0	0	317,154
Operation and Maintenance of Plant	1,259,479	132,473	0	501,292	0	1,893,244
Pupil Transportation	362,283	0	0	0	0	362,283
Central	43,356	119,714	0	0	0	163,070
Non-Instructional Services	0	68,454	0	0	0	68,454
Extracurricular Activities	114,873	189,280	0	0	0	304,153
Capital Outlay	6,542	0	0	17,588	0	24,130
Debt Service						
Principal Retirement	7,878	34,636	47,935	0	0	90,449
Interest and Fiscal Charges	1,445	2,951	18,754	0	0	23,150
<b>Total Expenditures</b>	<b>8,610,895</b>	<b>2,319,267</b>	<b>66,689</b>	<b>678,262</b>	<b>806</b>	<b>11,675,919</b>
Excess of Revenues Over (Under) Expenditures	267,141	232,702	(66,689)	(431,441)	(537)	1,176
<b>Other Financing Sources :</b>						
Operating Transfers In	0	14,000	66,689	120,711	0	201,400
Inception of Capital Lease	6,542	0	0	0	0	6,542
Proceeds from the Sale of Fixed Assets	2,264	0	0	0	0	2,264
Operating Transfers Out	(86,822)	0	(59,704)	(57,685)	0	(204,211)
<b>Total Other Financing Sources</b>	<b>(78,016)</b>	<b>14,000</b>	<b>6,985</b>	<b>63,026</b>	<b>0</b>	<b>5,995</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures	189,125	246,702	(59,704)	(368,415)	(537)	7,171
Fund Balances at Beginning of Year	293,394	257,406	50,279	408,215	711	1,010,005
Increase in Reserve for Inventory	4,655	0	0	0	0	4,655
<b>Fund Balances (Deficit) at End of Year</b>	<b>\$487,174</b>	<b>\$504,108</b>	<b>(\$9,425)</b>	<b>\$39,800</b>	<b>\$174</b>	<b>\$1,021,831</b>

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

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

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>			
Taxes	\$2,075,479	\$2,075,479	\$0
Intergovernmental	6,331,538	6,331,538	0
Interest	68,157	75,440	7,283
Tuition and Fees	3,144	3,144	0
Rent	133,731	135,531	1,800
Extracurricular Activities	0	0	0
Miscellaneous	217,312	217,312	0
<b>Total Revenues</b>	<b>8,829,361</b>	<b>8,838,444</b>	<b>9,083</b>
<b>Expenditures:</b>			
Current:			
Instruction			
Regular	3,978,322	3,978,322	0
Special	793,518	793,518	0
Vocational	189,109	189,109	0
Adult/Continuing	0	0	0
Other	33,050	33,050	0
Support Services			
Pupils	398,343	398,343	0
Instructional Staff	202,794	202,794	0
Board of Education	135,986	135,986	0
Administration	750,963	750,963	0
Fiscal	314,467	314,467	0
Operation and Maintenance of Plant	1,394,323	1,394,323	0
Pupil Transportation	365,528	365,528	0
Central	43,302	43,302	0
Non-Instructional Services	0	0	0
Extracurricular Activities	116,437	116,437	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>8,716,142</b>	<b>8,716,142</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	113,219	122,302	9,083
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	0	0	0
Proceeds from Sale of Fixed Assets	2,264	2,264	0
Advances In	205,722	205,722	0
Operating Transfers Out	(86,822)	(86,822)	0
Advances Out	(100,335)	(100,335)	0
<b>Total Other Financing Sources (Uses)</b>	<b>20,829</b>	<b>20,829</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	134,048	143,131	9,083
Fund Balances at Beginning of Year	692,319	692,319	0
Prior Year Encumbrances Appropriated	40,863	40,863	0
<b>Fund Balances at End of Year</b>	<b>\$867,230</b>	<b>\$876,313</b>	<b>\$9,083</b>

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

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
2,273,011	2,273,011	0	0	0	0
1,888	1,911	23	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
198,286	198,286	0	0	0	0
2,535	2,535	0	0	0	0
<u>2,475,720</u>	<u>2,475,743</u>	<u>23</u>	<u>0</u>	<u>0</u>	<u>0</u>
814,986	814,986	0	0	0	0
614,998	614,998	0	0	0	0
0	0	0	0	0	0
84,903	84,903	0	0	0	0
0	0	0	0	0	0
79,438	79,438	0	0	0	0
206,555	206,555	0	0	0	0
9,022	9,022	0	0	0	0
36,576	36,576	0	0	0	0
1,732	1,732	0	0	0	0
132,324	132,324	0	0	0	0
0	0	0	0	0	0
119,714	119,714	0	0	0	0
68,539	68,539	0	0	0	0
221,938	221,938	0	0	0	0
0	0	0	0	0	0
0	0	0	47,935	47,935	0
0	0	0	18,754	18,754	0
<u>2,390,725</u>	<u>2,390,725</u>	<u>0</u>	<u>66,689</u>	<u>66,689</u>	<u>0</u>
84,995	85,018	23	(66,689)	(66,689)	0
14,000	14,000	0	66,689	66,689	0
0	0	0	0	0	0
53,400	53,400	0	0	0	0
0	0	0	(59,704)	(59,704)	0
<u>(205,721)</u>	<u>(205,721)</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>(138,321)</u>	<u>(138,321)</u>	<u>0</u>	<u>6,985</u>	<u>6,985</u>	<u>0</u>
(53,326)	(53,303)	23	(59,704)	(59,704)	0
585,952	585,952	0	59,704	59,704	0
56,305	56,305	0	0	0	0
<b><u>\$588,931</u></b>	<b><u>\$588,954</u></b>	<b><u>\$23</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>	<b><u>\$0</u></b>

(Continued)

**Combined Statement of Revenues, Expenditures and  
Changes in Fund Balances - Budget and Actual (Budget Basis)  
All Governmental Fund Types and Expendable Trust Fund  
For the Fiscal Year Ended June 30, 1999  
(Continued)**

	<b>Capital Projects Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Property and Other Local Taxes	\$0	\$0	\$0
Intergovernmental	621,821	621,821	0
Interest	0	0	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Customer Services	0	0	0
Miscellaneous	0	0	0
<b>Total Revenues</b>	<b>621,821</b>	<b>621,821</b>	<b>0</b>
<b>Expenditures:</b>			
Current:			
Instruction			
Regular	159,382	159,382	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
Support Services			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Operation and Maintenance of Plant	501,074	501,074	0
Pupil Transportation	0	0	0
Central	0	0	0
Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	5,269	5,269	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<b>Total Expenditures</b>	<b>665,725</b>	<b>665,725</b>	<b>0</b>
Excess of Revenues Over (Under) Expenditures	(43,904)	(43,904)	0
<b>Other Financing Sources (Uses):</b>			
Operating Transfers In	120,711	120,711	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	46,934	46,934	0
Operating Transfers Out	(57,685)	(57,685)	0
Advances Out	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>109,960</b>	<b>109,960</b>	<b>0</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	66,056	66,056	0
Fund Balances at Beginning of Year	13,869	13,869	0
Prior Year Encumbrances Appropriated	682	682	0
<b>Fund Balances at End of Year</b>	<b>\$80,607</b>	<b>\$80,607</b>	<b>\$0</b>

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



Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$2,075,479	\$2,075,479	\$0
0	0	0	9,226,370	9,226,370	0
0	0	0	70,045	77,351	7,306
0	0	0	3,144	3,144	0
0	0	0	133,731	135,531	1,800
0	0	0	198,286	198,286	0
269	269	0	220,116	220,116	0
269	269	0	11,927,171	11,936,277	9,106
0	0	0	4,952,690	4,952,690	0
0	0	0	1,408,516	1,408,516	0
0	0	0	189,109	189,109	0
0	0	0	84,903	84,903	0
0	0	0	33,050	33,050	0
0	0	0	477,781	477,781	0
0	0	0	409,349	409,349	0
789	789	0	145,797	145,797	0
0	0	0	787,539	787,539	0
0	0	0	316,199	316,199	0
0	0	0	2,027,721	2,027,721	0
0	0	0	365,528	365,528	0
0	0	0	163,016	163,016	0
0	0	0	68,539	68,539	0
0	0	0	338,375	338,375	0
0	0	0	5,269	5,269	0
0	0	0	47,935	47,935	0
0	0	0	18,754	18,754	0
789	789	0	11,840,070	11,840,070	0
(520)	(520)	0	87,101	96,207	9,106
0	0	0	201,400	201,400	0
0	0	0	2,264	2,264	0
0	0	0	306,056	306,056	0
0	0	0	(204,211)	(204,211)	0
0	0	0	(306,056)	(306,056)	0
0	0	0	(547)	(547)	0
(520)	(520)	0	86,554	95,660	9,106
711	711	0	1,352,555	1,352,555	0
0	0	0	97,850	97,850	0
<b>\$191</b>	<b>\$191</b>	<b>\$0</b>	<b>\$1,536,959</b>	<b>\$1,546,065</b>	<b>\$9,106</b>

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**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN FUND EQUITY  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<b>Operating Revenues:</b>			
Sales	\$339,569	\$0	\$339,569
Interest	0	3,977	3,977
Other Revenues	4,932	545	5,477
Contributions and Donations	0	3,613	3,613
Total Operating Revenues	<u>344,501</u>	<u>8,135</u>	<u>352,636</u>
<b>Operating Expenses:</b>			
Operatin Expenses			
Salaries	175,616	0	175,616
Fringe Benefits	47,136	0	47,136
Purchased Services	6,482	0	6,482
Materials and Supplies	77,648	0	77,648
Cost of Sales	263,565	0	263,565
Depreciation	2,269	0	2,269
Other Expenses	0	3,041	3,041
Total Operating Expenses	<u>572,716</u>	<u>3,041</u>	<u>575,757</u>
Operating Income (Loss)	<u>(228,215)</u>	<u>5,094</u>	<u>(223,121)</u>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	26,428	0	26,428
Interest	948	0	948
Federal and State Subsidies	240,996	0	240,996
Total Non-Operating Revenues	<u>268,372</u>	<u>0</u>	<u>268,372</u>
Net Income Before Operating Transfers	40,157	5,094	45,251
Operating Transfers In	2,811	0	2,811
Net Income	42,968	5,094	48,062
Retained Earnings (Deficit)/Fund Balance at Beginning of Year	<u>(246,504)</u>	<u>83,556</u>	<u>(162,948)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(203,536)	88,650	(114,886)
Contributed Capital at Beginning and End of Year	<u>169,829</u>	<u>0</u>	<u>169,829</u>
<b>Total Fund Equity (Deficit) at End of Year</b>	<b><u>(\$33,707)</u></b>	<b><u>\$88,650</u></b>	<b><u>\$54,943</u></b>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES AND  
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)  
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<b>Enterprise Funds</b>		
	<b>Revised Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>Revenues:</b>			
Sales	\$339,569	\$339,569	\$0
Interest	730	948	218
Other Revenues	4,202	4,932	730
Operating Grants	239,742	239,742	0
Contributions and Donations	0	0	0
<b>Total Revenues</b>	<b>584,243</b>	<b>585,191</b>	<b>948</b>
<b>Expenses:</b>			
Salaries	174,710	174,710	0
Fringe Benefits	49,789	49,789	0
Purchased Services	6,482	6,482	0
Materials and Supplies	341,670	341,670	0
Capital Outlay	11,863	11,863	0
Other Expenses	0	0	0
<b>Total Operating Expenses</b>	<b>584,514</b>	<b>584,514</b>	<b>0</b>
Excess of Revenues Over (Under) Expenses	(271)	677	948
Operating Transfers In	2,811	2,811	0
Excess of Revenues and Operating Transfers Over Expenses	2,540	3,488	948
Fund Equity at Beginning of Year	510	510	0
Prior Year Encumbrances Appropriated	27,142	27,142	0
<b>Fund Equity at End of Year</b>	<b>\$30,192</b>	<b>\$31,140</b>	<b>\$948</b>

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

Non-Expendable Trust Fund			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$339,569	\$339,569	\$0
3,684	3,974	290	4,414	4,922	508
548	548	0	4,750	5,480	730
0	0	0	239,742	239,742	0
3,613	3,613	0	3,613	3,613	0
7,845	8,135	290	592,088	593,326	1,238
0	0	0	174,710	174,710	0
0	0	0	49,789	49,789	0
0	0	0	6,482	6,482	0
0	0	0	341,670	341,670	0
0	0	0	11,863	11,863	0
3,041	3,041	0	3,041	3,041	0
3,041	3,041	0	587,555	587,555	0
4,804	5,094	290	4,533	5,771	1,238
0	0	0	2,811	2,811	0
4,804	5,094	290	7,344	8,582	1,238
83,556	83,556	0	84,066	84,066	0
0	0	0	27,142	27,142	0
<b>\$88,360</b>	<b>\$88,650</b>	<b>\$290</b>	<b>\$118,552</b>	<b>\$119,790</b>	<b>\$1,238</b>

**COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<b>Increase (Decrease) in Cash and Cash Equivalents:</b>			
<b>Cash Flows from Operating Activities:</b>			
Cash Received from Customers	\$339,569	\$0	\$339,569
Cash Payments to Suppliers for Goods and Services	(322,978)	(3,041)	(326,019)
Cash Payments for Employee Services and Benefits	(224,499)	0	(224,499)
Other Operating Revenue	4,932	4,161	9,093
Net Cash Provided by (Used for) Operating Activities	<u>(202,976)</u>	<u>1,120</u>	<u>(201,856)</u>
<b>Cash Flows from Noncapital Financing Activities:</b>			
Operating Grants Received	239,742	0	239,742
Transfers In	2,811	0	2,811
Net Cash Provided by Noncapital Financing Activities	<u>242,553</u>	<u>0</u>	<u>242,553</u>
<b>Cash Flows from Capital and Related Financing Activities:</b>			
Payments for Capital Acquisitions	<u>(11,863)</u>	<u>0</u>	<u>(11,863)</u>
Net Cash Used for Capital and Related Financing Activities	<u>(11,863)</u>	<u>0</u>	<u>(11,863)</u>
<b>Cash Flows from Investing Activities:</b>			
Interest on Investments	948	3,974	4,922
Net Cash provided by Investing Activities	<u>948</u>	<u>3,974</u>	<u>4,922</u>
Net Increase in Cash and Cash Equivalents	28,662	5,094	33,756
Cash and Cash Equivalents at Beginning of Year	<u>27,653</u>	<u>83,556</u>	<u>111,209</u>
<b>Cash and Cash Equivalents at End of Year</b>	<b><u><u>\$56,315</u></u></b>	<b><u><u>\$88,650</u></u></b>	<b><u><u>\$144,965</u></u></b>

**COMBINED STATEMENT OF CASH FLOWS  
 PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND  
 FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

(Continued)

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:</b>			
Operating Income (Loss)	(\$228,215)	\$5,094	(223,121)
Depreciation	2,269	0	2,269
Donated Commodities Used During Year	26,428	0	26,428
Interest Income	0	(3,974)	(3,974)
Changes in Assets and Liabilities:			
Increase in Inventory Held for Resale	(1,437)	0	(1,437)
Increase in Materials and Supplies Inventory	(274)	0	(274)
Decrease in Accrued Wages and Benefits Payable	(1,105)	0	(1,105)
Decrease in Compensated Absences Payable	(331)	0	(331)
Decrease in Intergovernmental Payable	(311)	0	(311)
Total Adjustments	<u>25,239</u>	<u>(3,974)</u>	<u>21,265</u>
<b>Net Cash Provided by (Used for) Operating Activities</b>	<b><u>(\$202,976)</u></b>	<b><u>\$1,120</u></b>	<b><u>(\$201,856)</u></b>
Cash and Cash Equivalents - All Fiduciary Funds		\$130,583	
Cash and Cash Equivalents - Expendable Trust Fund		(191)	
Cash and Cash Equivalents - Agency Funds		<u>(41,742)</u>	
<b>Cash and Cash Equivalents - Non-Expendable Trust Fund</b>		<b><u>\$88,650</u></b>	

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

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

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

Ironton City School District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio.

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's five instructional/support facilities staffed by 73 noncertified, 121 certificated full time teaching personnel and ten administrators who provide services to 1,757 students.

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

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

The following activities are included within the reporting entity:

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

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

Jointly Governed Organizations:

Lawrence County Joint Vocational School District  
South Central Ohio Computer Association

Insurance Purchasing Entity Risk Pools:

Ohio School Boards Association Workers' Compensation Group Rating Program

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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



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

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

**A. Basis Of Presentation - Fund Accounting**

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

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

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

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

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

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

**Debt Service Funds** Debt service funds are used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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

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

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

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

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

**A. Basis Of Presentation - Fund Accounting (Continued)**

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

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

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

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

**B. Measurement Focus and Basis of Accounting**

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

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

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

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

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

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

**B. Measurement Focus and Basis of Accounting (Continued)**

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

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

**C. Budgetary Data**

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

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

**Estimated Resources** By April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 1999.

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

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

**C. Budgetary Data (Continued)**

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

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

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

**D. Cash and Cash Equivalents**

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

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

During fiscal year 1999, investments were limited to certificates of deposit. These nonparticipating investment contracts are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$75,458, which includes \$43,753 assigned from other School District funds.

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

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

**E. Inventory**

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

**F. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

**G. Fixed Assets and Depreciation**

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

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

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

**H. Intergovernmental Revenues**

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

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

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

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

**H. Intergovernmental Revenues (Continued)**

**Entitlements**

**General Fund**

State Foundation Program  
School Bus Purchase

**Special Revenue Funds**

Disadvantaged Pupil Impact Aid

**Non-Reimbursable Grants**

**Special Revenue Funds**

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

**Federal Grants**

Adult Basic Literacy Education  
Goals 2000  
Raising the Bar

**Capital Projects Fund**

School Net  
School Net Plus

**Reimbursable Grants**

**General Fund**

Driver Education Reimbursement

**Proprietary Funds**

National School Breakfast Program  
National School Lunch Program  
Government Donated Commodities

Grants and entitlements amounted to seventy-six percent of governmental fund revenue during the 1999 fiscal year.

**I. Short-term Interfund Assets/Liabilities**

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

**J. Compensated Absences**

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

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

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

**J. Compensated Absences (Continued)**

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

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

**K. Accrued Liabilities and Long-Term Obligations**

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

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

Under Ohio Law, a debt retirement fund must be created and used for the payment of bond and tax anticipation notes. Generally accepted accounting principles requires the reporting of the liability in the funds that received the proceeds. To comply with GAAP reporting requirements, the School District's debt service fund has been split among the appropriate funds. Debt service fund resources used to pay both principal and interest have also been allocated accordingly.

**L. Interfund Transactions**

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

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

**M. Fund Balance Reserves**

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

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

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

**M. Fund Balance Reserves (Continued)**

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

**N. Contributed Capital**

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

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

**O. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to create a reserve for budget stabilization. See Note 21 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

**P. Estimates**

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

**Q. Total Columns on General Purpose Financial Statements**

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

**NOTE 3 - PRIOR YEAR RESTATEMENTS AND CHANGE IN ACCOUNTING PRINCIPLES**

For 1999, the School District implemented GASB Statement No. 32, "Deferred Compensation Plans". This statement eliminates the requirement that the School District report plan assets in an agency fund if the plan has established a trust fund whose assets are not held by the School District in a fiduciary capacity. The Ohio Public Employees Deferred Compensation Plan has established a trust fund and the amounts are no longer reported on the School District's balance sheet as of June 30, 1999.

A revaluation of fixed assets in fiscal year 1999 requiring a restatement of the General Fixed Asset Account Group, resulted in an increase of \$1,070,668 from \$6,384,153 to \$7,454,821 as of June 30, 1998.



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

**NOTE 4 - ACCOUNTABILITY AND COMPLIANCE**

**Fund Deficits**

The following funds had deficit fund balance/retained earnings at June 30, 1999:

	Deficit Fund Balance/ Retained Earnings
Special Revenue Funds:	
Title VI-B	\$62,937
Parents as Teachers	22,321
Adult Basic Literacy Education	1,102
Debt Service Fund:	
Bond Retirement	9,425
Capital Projects Fund:	
Emergency Building Repair Grant	1,817
Enterprise Fund:	
Food Service	203,536

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

The School District is analyzing the food service enterprise fund operations to determine appropriate steps to alleviate the deficit.

Ohio Rev. Code Section 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations at December 31, 1998 and March 31, 1999 by material amounts in various funds as described in the Schedule of Findings.

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING**

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

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

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

**NOTE 5 - BUDGETARY BASIS OF ACCOUNTING (Continued)**

4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$189,125	\$246,702	(\$59,704)	(\$368,41	(\$537)
Revenue Accruals	(46,134)	(76,227)	0	375,000	0
Prepaid Items	(19,417)	0	0	0	0
Advance In	205,722	53,400	0	46,934	0
Expenditure Accruals	114,202	(13,176)	0	12,687	17
Advance Out	(100,335)	(205,721)	0	0	0
Encumbrances	(200,032)	(58,281)	0	(150)	0
Budget Basis	<u>\$143,131</u>	<u>(\$53,303)</u>	<u>(\$59,704)</u>	<u>\$66,056</u>	<u>(\$520)</u>

Net Income/Excess of Revenues and  
Operating Transfers Over Expenses  
Proprietary Fund Type and Non-Expendable Trust Fund

	Enterprise	Non- Trust
GAAP Basis	\$42,968	\$5,094
Revenue Accruals	(27,682)	0
Expense Accruals	11,109	0
Depreciation Expense	2,269	0
Encumbrances	(25,176)	0
Budget Basis	<u>\$3,488</u>	<u>\$5,094</u>

**NOTE 6 - DEPOSITS AND INVESTMENTS**

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

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

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories.

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

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts.

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

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (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,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

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

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

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

**NOTE 6 - DEPOSITS AND INVESTMENTS (Continued)**

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

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,991,498 and the bank balance was \$2,338,777. Of the bank balance:

1. \$169,039 was covered by federal depository insurance; and
2. \$2,169,738 was uninsured and uncollateralized. Although all statutory requirements for the deposit of the money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the Federal Deposit Insurance Corporation.

**NOTE 7 - PROPERTY TAXES**

Property taxes include amounts levied against all real and public utility property, and tangible personal (used in business) property located in the School District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years.

Real and public utility property taxes are payable annually and semi-annually. If paid annually, payment is due December 31. If paid semi-annually, the first payment is due December 31, with the remainder payable by June 20, unless extended. Under certain circumstances, State statute permits earlier or later payment dates to be established. Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and the rates determined in the preceding year.

Tangible personal property used in business (except public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Single county taxpayers may pay annually or semi-annually. If paid annually, payment is due April 30; if paid semi-annually, the first payment is due April 30, with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property currently is assessed at 88 percent of its true value. Public utility taxes are payable on the same dates as real property taxes described previously.

The assessed values upon which the fiscal year 1999 taxes were collected are:

	1998 Second- Half Collections		1999 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$74,092,590	72%	\$96,584,560	78%
Public Utility Personal	9,658,290	10	9,692,500	8
Tangible Personal Property	17,784,390	18	17,975,500	14
Total	<u>\$101,535,270</u>	<u>99%</u>	<u>\$124,252,560</u>	<u>100%</u>
Tax rate per \$1,000 of assessed valuation	\$25.00		\$25.00	

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

**NOTE 7 - PROPERTY TAXES (Continued)**

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 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, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30, 1999, was \$184,724 and is recognized as revenue in the General Fund. At June 30, 1998, \$33,670 was available to the School District's General Fund.

**NOTE 8 - RECEIVABLES**

Receivables at June 30, 1999, consisted of taxes, accounts (rent and tuition), intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current year guarantee of federal funds. A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
Community Alternative Funding System	\$20,706
Special Revenue Funds:	
Preschool	24,898
Comprehensive School Reform Demonstration	50,000
Total Special Revenue Funds	74,898
Capital Projects Fund:	
Emergency Building Repair	75,000
Enterprise Fund:	
National School Lunch Reimbursement	30,149
Total Intergovernmental Receivables	\$200,753

**NOTE 9 - FIXED ASSETS**

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

Furniture and Equipment	\$199,754
Less: accumulated depreciation	(166,093)
Net Fixed Assets	\$33,661

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

**NOTE 9 - FIXED ASSETS (Continued)**

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

	Balance 6/30/98	Additions	Deductions	Balance 6/30/99
Land and Improvements	\$321,591	\$0	\$0	\$321,591
Buildings and Improvements	3,288,328	28,936	0	3,317,264
Furniture, Fixtures and Equipment	2,434,983	426,726	0	2,861,709
Vehicles	715,730	19,190	16,120	718,800
Textbooks	694,189	127,570	11,500	810,259
Construction in Progress	0	89,530	0	89,530
<b>Total General Fixed Assets</b>	<b><u>\$7,454,821</u></b>	<b><u>\$691,952</u></b>	<b><u>\$27,620</u></b>	<b><u>\$8,119,153</u></b>

**NOTE 10 - JOINTLY GOVERNED ORGANIZATIONS AND INSURANCE PURCHASING POOLS**

**A. Jointly Governed Organizations**

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

South Central Ohio Computer Association (SCOCA) is a jointly governed organization among public school districts within the boundaries of Highland, Adams, Pike, Scioto, Brown, Ross and Lawrence Counties. The organization was formed with the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member school districts. The governing board of SCOCA consists of two representatives from each of the seven participating counties and one representative from the fiscal agent. All revenues are generated from an annual fee of \$2.00 per student to participating districts and State funding. Ironton City School District paid \$3,514 for services provided during fiscal year 1999. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

**B. Insurance Purchasing Pool**

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

**NOTE 11 - RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. For fiscal year 1999, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$500 deductible.

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

**NOTE 11 - RISK MANAGEMENT (Continued)**

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

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 10). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

**NOTE 12 - DEFINED BENEFIT PENSION PLANS**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$89,124, \$127,165 and \$143,520, respectively; 23.91 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$67,812 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

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

**NOTE 12 - DEFINED BENEFIT PENSION PLANS (Continued)**

**B. State Teachers Retirement System (Continued)**

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$281,386, \$552,678 and \$621,201, respectively; 80.72 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$54,259 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

**NOTE 13 - POSTEMPLOYMENT BENEFITS**

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$375,181 for fiscal year 1999.

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

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$174,223.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 125 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1998 (the latest information available), were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.



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

**NOTE 14 - OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

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

**B. Health Care Benefits**

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

Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$582.99 for family coverage and \$220.92 for single coverage. The School District pays 85% of these premiums.

**C. Deferred Compensation**

School District employees may participate in the Ohio Public Employees Deferred Compensation Plan. This plan was created in accordance with Internal Revenue Code Section 457. Participation is on a voluntary payroll deduction basis. The plan permits deferral of compensation until future years. According to the plan, the deferred compensation is not available until termination, retirement, death or an unforeseeable emergency.

*GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans"* provides accounting for deferred compensation plans. The School District participates in the Ohio Public Employees Deferred Compensation Program. During 1998, the Ohio Public Employees Deferred Compensation Program created a trust for the assets of the plan for which the School District has no fiduciary responsibility. Therefore, plan assets are no longer presented on the balance sheet.

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE**

During fiscal year 1999, the School District entered into one new capital leases. In prior years, the School District entered into capitalized leases for six copiers and computer equipment.

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

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

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

**NOTE 15 - CAPITALIZED LEASES - LESSEE DISCLOSURE (Continued)**

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 1999.

Fiscal Year Ending June 30,	General Long-Term Obligations
2000	\$5,920
2001	5,393
2002	5,394
2003	592
Total minimum lease payments	17,299
Less: amount representing interest	(1,784)
Present value of minimum lease payments	<u>\$15,515</u>

**NOTE 16 - LONG-TERM OBLIGATIONS**

Changes in long-term obligations of the School District during fiscal year 1999, were as follows:

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
Capital Leases	\$51,487	\$6,542	\$42,514	\$15,515
Energy Conservation Bonds 1998 5.90%	330,506	0	25,287	305,219
Energy Conservation Note 1998 0.00%	75,494	0	22,648	52,846
Compensated Absences	981,988	103,818	45,463	1,040,343
Intergovernmental Payable	103,891	157,004	103,891	157,004
Total General Long-Term Obligations	<u>\$1,543,366</u>	<u>\$267,364</u>	<u>\$239,803</u>	<u>\$1,570,927</u>

The capital lease obligation will be paid from the general fund and the Title I special revenue fund. The energy conservation bonds and note will be paid from the debt service fund. Compensated absences will be paid from the fund from which the person is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the person is paid.

The School District's overall legal debt margin was \$11,182,730, with an unvoted debt margin of \$124,253 at June 30, 1999. Principal and interest requirements to retire the energy conservation bonds and notes outstanding at June 30, 1999, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2000	\$41,770	\$17,221	\$58,991
2001	43,343	15,601	58,944
2002	45,010	13,886	58,896
2003	39,225	12,069	51,294
2004	33,544	10,145	43,689
2005-2008	155,173	18,968	174,141
	<u>\$358,065</u>	<u>\$87,890</u>	<u>\$445,955</u>

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

**NOTE 17 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 1999.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$333,132	\$11,369	\$344,501
Operating Expenses Before Depreciation	555,758	14,689	570,447
Depreciation	2,269	0	2,269
Operating Loss	(224,894)	(3,321)	(228,215)
Donated Commodities	26,428	0	26,428
Operating Grants	240,996	0	240,996
Operating Transfers In	2,811	0	2,811
Interest Income	948	0	948
Net Income (Loss)	43,478	(510)	42,968
Net Working Capital	(47,640)	0	(47,640)
Fixed Asset Additions	11,863	0	11,863
Total Assets	130,628	0	130,628
Long-Term Compensated Absences Payable	19,728	0	19,728
Total Equity	(33,707)	0	(33,707)
Encumbrances, June 30, 1999	25,176	0	25,176

**NOTE 18 - INTERFUND RECEIVABLES/PAYABLES**

Interfund receivables and payables at June 30, 1999, consist of the following individual balances:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	<u>\$303,810</u>	<u>\$0</u>
Special Revenue Funds		
Auxiliary	0	2,296
Parents as Teachers	0	19,840
Adult Basic Literacy	0	6,531
Title VI-B	0	65,212
Title I	0	12,708
Public School Preschool	0	1,926
Total Special Revenue	<u>0</u>	<u>108,513</u>
Bond Retirement Fund	<u>0</u>	<u>9,425</u>
Capital Project Funds		
Permanent Improvement	0	26,671
Emergency Repair Fund	0	76,817
Total Capital Project	<u>0</u>	<u>103,488</u>
Food Services Fund	<u>0</u>	<u>82,384</u>
Total All Funds	<u><u>\$303,810</u></u>	<u><u>\$303,810</u></u>

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

**NOTE 19 - CONTINGENCIES**

**A. Grants**

The School District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 1999.

**B. Litigation**

The School District is not party to any legal proceedings.

**NOTE 20 - SET-ASIDE CALCULATIONS AND FUND RESERVES**

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

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>	<u>Totals</u>
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$0	\$0
Current Year Set-aside Requirement	114,525	114,525	62,946	291,996
Current Year Offsets	0	0	0	0
Qualifying Disbursements	<u>(114,525)</u>	<u>(114,525)</u>	<u>0</u>	<u>(229,050)</u>
Set-aside Cash Balance as of June 30, 1999	<u>\$0</u>	<u>\$0</u>	<u>\$62,946</u>	<u>\$62,946</u>

Amounts of offsets and qualifying disbursements presented in the table were limited to those necessary to reduce the year-end balance to zero. Although the School District may have had additional offsets and qualifying disbursements during the year, these extra amounts may not be used to reduce the set-aside requirements of future years, and are therefore not presented.

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

**NOTE 21 - CONTRACTUAL COMMITMENTS**

The School District has entered into contracts for the design and construction of renovations to an existing building in the School District. Outstanding construction commitments at June 30, 1999, are as follows:

Project	Contract Amount	Amount Expended	Balance At 6/30/99
Kellico, Inc.	\$70,238	\$40,133	\$34,118
L & L Electric Company	39,770	27,754	15,659
Ferguson Brothers	55,705	29,656	29,015
Total	<u>\$165,713</u>	<u>\$97,543</u>	<u>\$78,798</u>

**NOTE 22 - SCHOOL FUNDING COURT DECISION**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$5,811,304 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of the date of this report, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550	\$0	\$20,190	\$0	\$24,920
National School Breakfast Program	O5PU-99	10.553	32,333	0	32,333	0
National School Lunch Program	O4PU-99	10.555	<u>192,356</u>	<u>0</u>	<u>192,356</u>	<u>0</u>
Total Nutrition Cluster			<u>224,689</u>	<u>20,190</u>	<u>224,689</u>	<u>24,920</u>
Total U.S. Department of Agriculture			224,689	20,190	224,689	24,920
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Education of Handicapped - Title VI-B	6BSF99	84.027	85,445	0	163,631	0
Handicapped Preschool & School Program	PGSI99	84.173	<u>88,411</u>	<u>0</u>	<u>65,764</u>	<u>0</u>
Total Special Education Cluster			173,856	0	229,395	0
Adult and Community Education	ABS199	84.002	191,174	0	267,663	0
Title I Program	CISD99	84.010	838,343	0	613,583	0
Fund for the Improvement of Education	N/A	84.215	0	0	12,800	0
Goals 2000	G2S499	84.276	66,423	0	87,620	0
Innovative Education Program - Title VI	C2S199	84.298	11,684	0	16,052	0
Technology Literacy Challenge Fund - Raising the Bar	TFS299	84.318	<u>162,500</u>	<u>0</u>	<u>239,949</u>	<u>0</u>
Total U.S. Department of Education			<u>1,270,124</u>	<u>0</u>	<u>1,237,667</u>	<u>0</u>
<b><u>CORPORATION FOR NATIONAL SERVICE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Learn and Serve America	SVS2-99	94.004	<u>2,490</u>	<u>0</u>	<u>582</u>	<u>0</u>
Total Corporation for National Service			<u>2,490</u>	<u>0</u>	<u>582</u>	<u>0</u>
<b>Total Federal Awarded Receipts and Expenditures</b>			<b><u>\$1,671,159</u></b>	<b><u>\$20,190</u></b>	<b><u>\$1,692,333</u></b>	<b><u>\$24,920</u></b>

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

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

**NOTE A - SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards, Receipts and Expenditures is a summary of the activity of the School District's federal awards programs. The Schedule has been prepared on the cash basis of accounting.

**NOTE B - FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. 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, 1999, the School District had food commodities valued at \$6,798 in inventory.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

743 East State Street  
Athens Mall, Suite B  
Athens, Ohio 45701

Telephone 740-594-3300  
800-441-1389

Facsimile 740-594-2110

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

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

To The Board of Education:

We have audited the accompanying general purpose financial statements of Ironton City School District, Lawrence County, Ohio, (the School District) as of and for the year ended June 30, 1999, and have issued our report thereon dated January 24, 2000, in which we indicated that the School District changed its method of accounting for deferred compensation. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether the School District's 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* which is described in the accompanying Schedule of Findings as item 1999-10744-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the School District in a separate letter dated January 24, 2000.

**Internal Control Over Financial Reporting**

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

However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the School District in a separate letter dated January 24, 2000.

This report is intended for the information and use of 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

January 24, 2000



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

**Compliance**

We have audited the compliance of Ironton City School District, Lawrence County, Ohio, (the School District), with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. The School District's major federal programs are identified in the Summary of Auditor's Results Section of the accompanying Schedule of Findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs are the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

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

In our opinion, the School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Internal Control Over Compliance**

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

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 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

January 24, 2000

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

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

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	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 Section .510?	No
(d)(1)(vii)	Major Programs (list):	Local Educational Agencies- Title I - CFDA# 84.010  Nutrition Cluster - CFDA# 10.550, 10.553, 10.555
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	No

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

**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**  
**(Continued)**

2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS
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<b>Finding Number</b>	1999-10744-001
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Ohio Rev. Code Section 5705.41 (B) states that no subdivision or taxing unit is to expend money unless it has been appropriated.

Expenditures exceeded appropriations on December 31, 1998 in the following: Auxillary (401), \$51,800; Teacher Development (416), \$7,386; EMIS (432), \$6,239; Public School Preschool (439), \$90,372; Schoolnet (452), \$3,515; Textbook (455), \$103,407; Equity (499), \$138,681; ABLE (501), \$80,635; Title VI (516), \$97,791; Title I (572), \$302,421; Title VI-Chapter II (573), \$13,066; Preschool (587), \$50,495; Miscellaneous Federal Grants (599), \$217,561; Permanent Improvement (004), \$54,248; Schoolnet Plus (450), \$154,652; Technology Equity (454), \$13,250; Emergency Repair Grant (497), \$470,963; and Uniform School Supplies (009), \$14,985.

Expenditures exceeded appropriations on March 31, 1999 in the following: Auxillary (401), \$71,216; Teacher Development (416), \$10,012; EMIS (432), \$6,239; Public School Preschool (439), \$90,372; Schoolnet (452), \$3,566; Textbook (455), \$107,247; Equity (499), \$148,592; ABLE (501), \$132,225; Title VI (516), \$114,465; Title I (572), \$470,277; Title VI-Chapter II (573), \$13,066; Preschool (587), \$53,646; Miscellaneous Federal Grants (599), \$304,252; Permanent Improvement (004), \$61,797; Schoolnet Plus (450), \$158,848; Technology Equity (454), \$13,250; Emergency Repair Grant (497), \$470,963; and Uniform School Supplies (009), \$15,315. This could lead to negative fund balances if not monitored.

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

3. FINDINGS FOR FEDERAL AWARDS
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None

**SCHEDULE OF PRIOR AUDIT FINDINGS**  
**OMB CIRCULAR A-133 § .315 (b)**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <b><i>Explain:</i></b>
1998-10744-001	Ohio Revised Code Section 5705.41 (B) - Disbursements exceeded Appropriations	No	No corrective action taken. We have reviewed the prior year noncompliance and have added the current year's noncompliance.
1998-10744-002	Ohio Revised Code Section 5705.39 - Appropriations exceeded Estimated Revenue	Yes	Corrected.
1998-10744-003	Estimated Receipts exceeded Actual Receipts	Yes	Corrected.

**CORRECTIVE ACTION PLAN**  
**OMB CIRCULAR A-133 § .315 (c)**

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

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
1999-10744-001	School District intends to change the legal level of control to monitor appropriations versus actual disbursements more efficiently.	6/30/00	Sandra Foster, Treasurer





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**IRONTON CITY SCHOOL DISTRICT**

**LAWRENCE COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
APRIL 18, 2000**