



**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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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, 2001, 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 auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose 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 general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of Ironton City School District, Lawrence County, as of June 30, 2001, 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 accounting principles generally accepted in the United States of America.

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

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

Jim Petro
Auditor of State

December 14, 2001

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets
<u>Assets and Other Debits:</u>						
<u>Assets:</u>						
Equity in Pooled Cash and Cash Equivalents	(\$121,748)	\$826,442	\$305,638	\$12,017	\$141,660	\$0
Receivables:						
Taxes	2,393,491	0	0	0	0	0
Accounts	0	0	0	113	18	0
Intergovernmental	8,213	623,395	0	0	0	0
Accrued Interest	0	709	0	0	0	0
Interfund	758,412	0	0	0	0	0
Inventory Held for Resale	0	0	0	8,575	0	0
Materials and Supplies Inventory	1,967	0	0	1,843	0	0
Prepaid Items	25,684	0	0	0	0	0
Restricted Assets:						
Cash and Cash Equivalents	248,080	0	0	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	70,931	0	8,537,430
<u>Other Debits:</u>						
Amount to be Provided from General Government Resources	0	0	0	0	0	0
Total Assets and Other Debits	<u>\$3,314,099</u>	<u>\$1,450,546</u>	<u>\$305,638</u>	<u>\$93,479</u>	<u>\$141,678</u>	<u>\$8,537,430</u>

<u>Groups</u>	
<u>General</u>	Totals
Long-Term	(Memorandum
Obligations	Only)
\$0	\$1,164,009
0	2,393,491
0	131
0	631,608
	709
0	758,412
0	8,575
0	3,810
0	25,684
0	248,080
0	8,608,361
<u>1,596,181</u>	<u>1,596,181</u>
<u>\$1,596,181</u>	<u>\$15,439,051</u>
	(Continued)

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2001
(Continued)**

	Governmental Fund Types			Proprietary Fund Type	Fiduciary Fund Types	Account Groups
	General	Special Revenue	Capital Projects	Enterprise	Trust and Agency	General Fixed Assets
<u>Liabilities, Fund Equity and Other Credits:</u>						
<u>Liabilities:</u>						
Accounts Payable	\$10,188	\$5,779	\$4,480	\$0	\$0	\$0
Accrued Wages and Benefits Payable	893,400	95,674	0	36,395	0	0
Compensated Absences Payable	12,969	0	0	21,745	0	0
Interfund Payable	0	622,540	53,488	82,384	0	0
Intergovernmental Payable	296,965	44,722	126	19,864	0	0
Deferred Revenue	2,380,267	588,334	0	4,896	0	0
Due to Students	0	0	0	0	48,108	0
Capital Leases Payable	0	0	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0	0	0
Energy Conservation Bonds Payable	0	0	0	0	0	0
Total Liabilities	3,593,789	1,357,049	58,094	165,284	48,108	0
<u>Fund Equity and Other Credits:</u>						
Investment in General Fixed Assets	0	0	0	0	0	8,537,430
Contributed Capital	0	0	0	169,829	0	0
Retained Earnings:						
Unreserved Deficit	0	0	0	(241,634)	0	0
Fund Balance:						
Reserved for Encumbrances	92,192	92,318	58,360	0	0	0
Reserved for Inventory	1,967	0	0	0	0	0
Reserved for Contributions	0	0	0	0	77,545	0
Reserved for Capital Acquisitions	16,319	0	0	0	0	0
Reserved for Textbooks and Instructional Material	124,865	0	0	0	0	0
Reserved for Property Taxes	13,406	0	0	0	0	0
Reserved for School Bus Purchases	1,778	0	0	0	0	0
Reserved for Budget Stabilization	106,941	0	0	0	0	0
Designation for Set Asides	7,402	0	0	0	0	0
Unreserved, Undesignated (Deficits)	(644,560)	1,179	189,184	0	16,025	0
Total Fund Equity (Deficits) and Other Credits	(279,690)	93,497	247,544	(71,805)	93,570	8,537,430
Total Liabilities, Fund Equity and Other Credits	\$3,314,099	\$1,450,546	\$305,638	\$93,479	\$141,678	\$8,537,430

See accompanying notes to the general purpose financial statements

<u>Groups</u>	<u>General</u>	<u>Totals</u>
<u>Long-Term</u>	<u>(Memorandum</u>	
<u>Obligations</u>	<u>Only)</u>	
\$0	\$20,447	
0	1,025,469	
1,136,482	1,171,196	
0	758,412	
165,302	526,979	
0	2,973,497	
0	48,108	
21,446	21,446	
22,648	22,648	
<u>250,303</u>	<u>250,303</u>	
<u>1,596,181</u>	<u>6,818,505</u>	
0	8,537,430	
0	169,829	
0	(241,634)	
0	242,870	
0	1,967	
0	77,545	
0	16,319	
0	124,865	
0	13,406	
0	1,778	
0	106,941	
0	7,402	
<u>0</u>	<u>(438,172)</u>	
<u>0</u>	<u>8,620,546</u>	
<u>\$1,596,181</u>	<u>\$15,439,051</u>	

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**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, 2001**

	Governmental Fund Types			Fiduciary	Totals (Memorandum Only)
	General	Special Revenue	Capital Projects	Fund Type Expendable Trust	
Revenues:					
Property Taxes	\$2,344,864	\$0	\$0	\$0	\$2,344,864
Intergovernmental	6,013,555	2,365,264	262,724	0	8,641,543
Interest	50,911	2,954	0	0	53,865
Tuition and Fees	11,000	0	0	0	11,000
Rent	90,612	0	0	0	90,612
Extracurricular Activities	0	175,173	0	0	175,173
Gifts and Donations	0	0	18	0	18
Miscellaneous	123,587	53,725	0	457	177,769
Total Revenues	8,634,529	2,597,116	262,742	457	11,494,844
Expenditures:					
Current:					
Instruction					
Regular	3,701,274	1,050,528	0	0	4,751,802
Special	926,533	723,105	0	0	1,649,638
Vocational	195,312	0	0	0	195,312
Adult/Continuing	0	96,719	0	0	96,719
Other	3,241	0	0	0	3,241
Support Services					
Pupils	494,355	83,544	0	0	577,899
Instructional Staff	278,617	162,977	0	0	441,594
Board of Education	136,173	2,850	0	604	139,627
Administration	875,482	12,862	0	0	888,344
Fiscal	355,697	2,910	0	0	358,607
Operation and Maintenance of Plant	1,345,276	7,707	0	0	1,352,983
Pupil Transportation	484,181	1,306	0	0	485,487
Central	65,844	6,000	0	0	71,844
Non-Instructional Services	0	98,135	0	0	98,135
Extracurricular Activities	149,770	177,188	0	0	326,958
Capital Outlay	0	0	109,240	0	109,240
Debt Service					
Principal Retirement	5,996	0	102,288	0	108,284
Interest and Fiscal Charges	2,161	0	15,601	0	17,762
Total Expenditures	9,019,912	2,425,831	227,129	604	11,673,476
Excess of Revenues Over (Under) Expenditures	(385,383)	171,285	35,613	(147)	(178,632)
Other Financing Sources (Uses):					
Operating Transfers In	0	14,000	85,762	0	99,762
Operating Transfers Out	(99,762)	0	0	0	(99,762)
Total Other Financing Sources (Uses)	(99,762)	14,000	85,762	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(485,145)	185,285	121,375	(147)	(178,632)
Fund Balances Beginning of Year - Restated (Note 3)	206,068	(91,788)	126,169	433	240,882
Decrease in Reserve for Inventory	(613)	0	0	0	(613)
Fund Balances (Deficit) at End of Year	(\$279,690)	\$93,497	\$247,544	\$286	\$61,637

See accompanying notes to the general purpose financial statements

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$2,379,499	\$2,379,499	\$0
Intergovernmental	6,010,305	6,010,305	0
Interest	50,339	50,339	0
Tuition and Fees	11,000	11,000	0
Rent	90,612	90,612	0
Extracurricular Activities	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	123,587	123,587	0
Total Revenues	8,665,342	8,665,342	0
<u>Expenditures:</u>			
Current:			
Instruction			
Regular	3,610,615	3,610,615	0
Special	884,978	884,978	0
Vocational	188,792	188,792	0
Adult/Continuing	0	0	0
Other	25,431	25,431	0
Support Services			
Pupils	465,599	465,599	0
Instructional Staff	264,637	264,637	0
Board of Education	145,559	145,559	0
Administration	843,404	843,404	0
Fiscal	350,578	350,578	0
Operation and Maintenance of Plant	1,375,652	1,375,652	0
Pupil Transportation	467,427	467,427	0
Central	62,899	62,899	0
Non-Instructional Services	0	0	0
Extracurricular Activities	147,938	147,938	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	8,833,509	8,833,509	0
Excess of Revenues Over (Under) Expenditures	(168,167)	(168,167)	0
<u>Other Financing Sources (Uses):</u>			
Operating Transfers In	0	0	0
Advances In	457,700	457,700	0
Operating Transfers Out	(99,762)	(99,762)	0
Advances Out	(504,626)	(504,626)	0
Total Other Financing Sources (Uses)	(146,688)	(146,688)	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(314,855)	(314,855)	0
Fund Balances at Beginning of Year	300,781	300,781	0
Prior Year Encumbrances Appropriated	37,487	37,487	0
Fund Balances at End of Year	\$23,413	\$23,413	\$0

Special Revenue Funds			Capital Projects Funds		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
2,397,792	2,397,792	0	262,724	262,724	0
2,741	2,741	0	0	0	0
0	0	0	0	0	0
0	0	0	0	0	0
175,173	175,173	0	0	0	0
0	0	0	18	18	0
53,735	53,735	0	0	0	0
2,629,441	2,629,441	0	262,742	262,742	0
1,109,178	1,109,178	0	9,260	9,260	0
693,195	693,195	0	0	0	0
0	0	0	0	0	0
95,912	95,912	0	0	0	0
0	0	0	0	0	0
89,650	89,650	0	0	0	0
165,701	165,701	0	0	0	0
2,850	2,850	0	0	0	0
12,809	12,809	0	9,800	9,800	0
2,886	2,886	0	2,673	2,673	0
8,012	8,012	0	195,209	195,209	0
1,293	1,293	0	0	0	0
6,000	6,000	0	0	0	0
97,104	97,104	0	0	0	0
194,519	194,519	0	0	0	0
0	0	0	102,288	102,288	0
0	0	0	15,601	15,601	0
2,479,109	2,479,109	0	334,831	334,831	0
150,332	150,332	0	(72,089)	(72,089)	0
14,000	14,000	0	85,762	85,762	0
504,626	504,626	0	0	0	0
0	0	0	0	0	0
(407,197)	(407,197)	0	(50,503)	(50,503)	0
111,429	111,429	0	35,259	35,259	0
261,761	261,761	0	(36,830)	(36,830)	0
437,960	437,960	0	186,932	186,932	0
28,669	28,669	0	92,696	92,696	0
\$728,390	\$728,390	\$0	\$242,798	\$242,798	\$0

(Continued)

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2001
(CONTINUED)**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Property and Other Local Taxes	\$0	\$0	\$0	\$2,379,499	\$2,379,499	\$0
Intergovernmental	0	0	0	8,670,821	8,670,821	0
Interest	0	0	0	53,080	53,080	0
Tuition and Fees	0	0	0	11,000	11,000	0
Extracurricular Activities	0	0	0	90,612	90,612	0
Customer Services	0	0	0	175,173	175,173	0
Gifts and Donations	0	0	0	18	18	0
Miscellaneous	438	438	0	177,760	177,760	0
Total Revenues	438	438	0	11,557,963	11,557,963	0
<u>Expenditures:</u>						
Current:						
Instruction						
Regular	0	0	0	4,729,053	4,729,053	0
Special	0	0	0	1,578,173	1,578,173	0
Vocational	0	0	0	188,792	188,792	0
Adult/Continuing	0	0	0	95,912	95,912	0
Other	0	0	0	25,431	25,431	0
Support Services						
Pupils	0	0	0	555,249	555,249	0
Instructional Staff	0	0	0	430,338	430,338	0
Board of Education	655	655	0	149,064	149,064	0
Administration	0	0	0	866,013	866,013	0
Fiscal	0	0	0	356,137	356,137	0
Operation and Maintenance of Plant	0	0	0	1,578,873	1,578,873	0
Pupil Transportation	0	0	0	468,720	468,720	0
Central	0	0	0	68,899	68,899	0
Non-Instructional Services	0	0	0	97,104	97,104	0
Extracurricular Activities	0	0	0	342,457	342,457	0
Debt Service:						
Principal Retirement	0	0	0	102,288	102,288	0
Interest and Fiscal Charges	0	0	0	15,601	15,601	0
Total Expenditures	655	655	0	11,648,104	11,648,104	0
Excess of Revenues Over (Under) Expenditures	(217)	(217)	0	(90,141)	(90,141)	0
<u>Other Financing Sources (Uses):</u>						
Operating Transfers In	0	0	0	99,762	99,762	0
Advances In	0	0	0	962,326	962,326	0
Operating Transfers Out	0	0	0	(99,762)	(99,762)	0
Advances Out	0	0	0	(962,326)	(962,326)	0
Total Other Financing Sources (Uses)	0	0	0	0	0	0
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(217)	(217)	0	(90,141)	(90,141)	0
Fund Balances at Beginning of Year	462	462	0	926,135	926,135	0
Prior Year Encumbrances Appropriated	0	0	0	158,852	158,852	0
Fund Balances at End of Year	\$245	\$245	\$0	\$994,846	\$994,846	\$0

See accompanying notes to the general purpose financial statements

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES,
EXPENSES AND CHANGES IN FUND EQUITY
PROPRIETARY FUND TYPE AND NONEXPENDABLE FUND TYPE
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Type	Fiduciary Fund Type	Totals
	Enterprise	Non-Expendable Trust	(Memorandum Only)
<u>Operating Revenues:</u>			
Sales	\$311,405	\$0	\$311,405
Interest	0	4,236	4,236
Other Revenues	8,809	6	8,815
Contributions and Donations	0	5,655	5,655
Total Operating Revenues	<u>320,214</u>	<u>9,897</u>	<u>330,111</u>
<u>Operating Expenses:</u>			
Operating Expenses			
Salaries	186,141	0	186,141
Fringe Benefits	73,276	0	73,276
Purchased Services	7,565	0	7,565
Materials and Supplies	143,661	0	143,661
Cost of Sales	249,729	0	249,729
Depreciation	6,846	0	6,846
Other Expenses	0	7,515	7,515
Total Operating Expenses	<u>667,218</u>	<u>7,515</u>	<u>674,733</u>
Operating Income (Loss)	<u>(347,004)</u>	<u>2,382</u>	<u>(344,622)</u>
<u>Non-Operating Revenues:</u>			
Federal Donated Commodities	31,840	0	31,840
Interest	504	0	504
Federal and State Subsidies	245,124	0	245,124
Total Non-Operating Revenues	<u>277,468</u>	<u>0</u>	<u>277,468</u>
Net Income (Loss)	(69,536)	2,382	(67,154)
Retained Earnings (Deficit)/Fund Balance at Beginning of Year - Restated (Note 3)	<u>(172,098)</u>	<u>90,902</u>	<u>(81,196)</u>
Retained Earnings (Deficit)/Fund Balance at End of Year	(241,634)	93,284	(148,350)
Contributed Capital at Beginning and End of Year	<u>169,829</u>	<u>0</u>	<u>169,829</u>
Total Fund Equity (Deficit) at End of Year	<u>(\$71,805)</u>	<u>\$93,284</u>	<u>\$21,479</u>

See accompanying notes to the general purpose financial statements

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**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, 2001**

	Enterprise Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Sales	\$311,293	\$311,293	\$0
Interest	504	504	0
Other Revenues	8,809	8,809	0
Contributions and Donations	0	0	0
Operating Grants	<u>273,377</u>	<u>273,377</u>	<u>0</u>
 Total Revenues	 <u>593,983</u>	 <u>593,983</u>	 <u>0</u>
<u>Expenses</u>			
Salaries	177,278	177,278	0
Fringe Benefits	73,414	73,414	0
Purchased Services	8,388	8,388	0
Materials and Supplies	409,296	409,296	0
Capital Outlay	1,893	1,893	0
Other Expenses	<u>0</u>	<u>0</u>	<u>0</u>
 Total Operating Expenses	 <u>670,269</u>	 <u>670,269</u>	 <u>0</u>
 Excess of Revenues Over (Under) Expenses	 (76,286)	 (76,286)	 0
 Fund Equity at Beginning of Year	 37,305	 37,305	 0
 Prior Year Encumbrances Appropriated	 <u>175</u>	 <u>175</u>	 <u>0</u>
 Fund Equity at End of Year	 <u>(\$38,806)</u>	 <u>(\$38,806)</u>	 <u>\$0</u>

(Continued)

See accompanying notes to the general purpose financial statements.

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**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY, OHIO**

**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, 2001
(CONTINUED)**

	Non-Expendable Trust Fund			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>						
Sales	\$0	\$0	\$0	\$311,293	\$311,293	\$0
Interest	4,236	4,236	0	4,740	4,740	0
Other Revenues	6	6	0	8,815	8,815	0
Contributions and Donations	5,655	5,655	0	5,655	5,655	0
Operating Grants	0	0	0	273,377	273,377	0
Total Revenues	9,897	9,897	0	603,880	603,880	0
<u>Expenses:</u>						
Salaries	0	0	0	177,278	177,278	0
Fringe Benefits	0	0	0	73,414	73,414	0
Purchased Services	0	0	0	8,388	8,388	0
Materials and Supplies	0	0	0	409,296	409,296	0
Capital Outlay	0	0	0	1,893	1,893	0
Other Expenses	7,515	7,515	0	7,515	7,515	0
Total Operating Expenses	7,515	7,515	0	677,784	677,784	0
Excess of Revenues Over (Under) Expenses	2,382	2,382	0	(73,904)	(73,904)	0
Fund Equity at Beginning of Year	90,902	90,902	0	128,207	128,207	0
Prior Year Encumbrances Appropriated	0	0	0	175	175	0
Fund Equity at End of Year	\$93,284	\$93,284	\$0	\$54,478	\$54,478	\$0

See accompanying notes to the general purpose financial statements

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NON-EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	Totals
	<u>Enterprise</u>	Non-Expendable Trust	(Memorandum Only)
<u>Increase (Decrease) in Cash and Cash Equivalents:</u>			
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$320,101	\$5,660	\$325,761
Cash Payments to Suppliers for Goods and Services	(366,859)	0	(366,859)
Cash Payments for Employee Services and Benefits	<u>(250,693)</u>	<u>(7,514)</u>	<u>(258,207)</u>
Net Cash Used for Operating Activities	(297,451)	(1,854)	(299,305)
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	273,377	0	273,377
<u>Cash Flows from Capital and Related Financing Activities:</u>			
Payments for Capital Acquisitions	(1,893)	0	(1,893)
<u>Cash Flows from Investing Activities:</u>			
Interest on Investments	<u>504</u>	<u>4,236</u>	<u>4,740</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(25,463)	2,382	(23,081)
Cash and Cash Equivalents at Beginning of Year	<u>37,480</u>	<u>90,902</u>	<u>128,382</u>
Cash and Cash Equivalents at End of Year	<u><u>\$12,017</u></u>	<u><u>\$93,284</u></u>	<u><u>\$105,301</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>			
Operating Income (Loss)	(\$347,004)	\$2,382	(\$344,622)
Depreciation	6,846	0	6,846
Donated Commodities Used During Year	31,840	0	31,840
Interest Income	0	(4,236)	(4,236)
<u>Changes in Assets and Liabilities:</u>			
Increase in Accounts Receivable	(113)	0	(113)
Decrease in Inventory Held for Resale	2,637	0	2,637
Increase in Materials and Supplies Inventory	(382)	0	(382)
Increase in Accrued Wages and Benefits Payable	14,393	0	14,393
Increase in Compensated Absences Payable	2,136	0	2,136
Decrease in Intergovernmental Payable	<u>(7,804)</u>	<u>0</u>	<u>(7,804)</u>
Total Adjustments	<u>49,553</u>	<u>(4,236)</u>	<u>45,317</u>
Net Cash Used for Operating Activities	<u><u>(\$297,451)</u></u>	<u><u>(\$1,854)</u></u>	<u><u>(\$299,305)</u></u>
Cash and Cash Equivalents - All Fiduciary Funds		\$141,660	
Cash and Cash Equivalents - Expendable Trust Fund		(268)	
Cash and Cash Equivalents - Agency Funds		<u>(48,108)</u>	
Cash and Cash Equivalents - Non-Expendable Trust Fund		<u><u>\$93,284</u></u>	

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. This Board of Education controls the School District's five instructional/support facilities staffed by 75 noncertified, 125 certificated full time teaching personnel and ten administrators who provide services to 1,682 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 four organizations, two of which are defined as jointly governed organizations and two as insurance purchasing pools. 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
Lawrence County Schools Insurance Purchasing Consortium

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 2 - Summary of Significant Accounting Policies

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

A. Basis Of Presentation - Fund Accounting

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

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

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

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

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

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

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.

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

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

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

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 the nonexpendable trust fund 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 types and nonexpendable trust fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made. The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. The full accrual basis of accounting is followed for the proprietary and nonexpendable trust funds.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7.) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2001, but which were levied to finance fiscal year 2002 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On governmental fund financial statements, receivables that will not be collected within the available period have also been reported 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 governmental funds.

On the accrual basis of accounting, expenses are recognized at the time 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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

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 2001. Prior to June 30, the Board requested and received an amended certificate in which estimated revenue equaled actual revenue.

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.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

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 not purchased from the pool are reported as investments.

During fiscal year 2001, investments were limited to nonnegotiable certificates of deposit, which are reported at cost.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2001 amounted to \$50,911, which includes \$49,445 assigned from other School District funds.

E. Inventory

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

F. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2001, 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.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

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. Short-term Interfund Assets/Liabilities

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

I. Compensated Absences

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

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

J. 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.

K. 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.

L. 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, textbook and instructional material, capital acquisition, budget stabilization, school bus purchases, contributions and property taxes.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for contributions represents the non-expendable portion of the School District's scholarship funds.

M. 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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

capital in the accompanying financial statements. All other fund equity amounts pertaining to proprietary funds have been classified as retained earnings.

N. 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 textbook and instructional material, capital acquisition and budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

O. 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.

P. Designation of Fund Balance

The School District had a fund balance designation on the balance sheet for additional money set-aside by the Board of Education above the reserves for textbooks and capital acquisitions required by State statute.

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 - Changes in Accounting Principles and Restatement of Fund Balances

Changes in Accounting Principles For fiscal year 2001, the School District has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions", and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenues". The implementation of GASB Statements 33 and 36 had the following effect on fund balance at June 30, 2000:

	<u>General Fund</u>
Fund Balance at June 30, 2000	\$213,940
Implementation of GASB 33	<u>(7,872)</u>
Adjusted Fund Balance at June 30, 2000	<u><u>\$206,068</u></u>

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Restatement of Fund Balances In the prior year, fixed assets were misstated in the Enterprise Fund. This had the following effect on retained earnings as it was previously reported as of June 30, 2000.

Retained Earnings as Previously Reported	(\$207,635)
Fixed Assets Improperly Recorded	<u>35,537</u>
Restated Retained Earnings as of June 30, 2000	<u><u>(\$172,098)</u></u>

Note 4 - Accountability and Compliance

A. Accountability

The following funds had deficit fund balance/retained earnings at June 30, 2001:

	<u>Deficit Fund Balance/ Retained Earnings</u>
General Fund:	\$279,690
Special Revenue Funds:	
DPIA	\$13,933
ABLE	\$124,437
Chapter I	\$467,061
Drug Free Schools	\$5,598
Enterprise Fund:	
Food Service	\$72,515

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

The deficit in the food service enterprise fund is the result of accumulated losses. The School District is analyzing the enterprise fund operations to determine appropriate steps to alleviate the deficit.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

B. Compliance

The following funds had appropriations in excess of estimated resources plus available balances for the fiscal year ended June 30, 2001 contrary to Ohio Rev. Code Section 5705.39.

Fund Type/Fund	Estimated Resources	Appropriations	Excess
Special Revenue Funds:			
Adult Basic Literacy	\$121,462	\$222,223	\$100,761
Title 1	\$233,398	\$620,581	\$387,183
Drug Free Schools	\$6,334	\$12,932	\$6,598
Enterprise Fund:			
Food Service	\$602,126	\$659,687	\$57,561

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

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

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

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).

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3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis).
4. Advances in and advances out are operating transactions (budget basis) as opposed to balance sheet transactions (GAAP basis).

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

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

	General	Special Revenue	Capital Projects	Expendable Trust
GAAP Basis	(\$485,145)	\$185,285	\$121,375	(\$147)
Revenue Accruals	31,340	32,325	0	(19)
Prepaid Items	(25,684)	0	0	0
Unrecorded Cash	(527)	0	0	0
Advance In	457,700	504,626	0	0
Expenditure Accruals	314,434	44,774	(44,862)	(28)
Advance Out	(504,626)	(407,197)	(50,503)	0
Encumbrances	(102,347)	(98,052)	(62,840)	(23)
Budget Basis	(\$314,855)	\$261,761	(\$36,830)	(\$217)

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

	Enterprise	Non-Expendable Trust
GAAP Basis	(\$69,536)	\$2,382
Revenue Accruals	(3,699)	0
Expense Accruals	40,928	0
Depreciation Expense	6,846	0
Encumbrances	(50,825)	0
Budget Basis	(\$76,286)	\$2,382

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.

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

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit or by savings accounts, including passbook accounts. Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public money deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bond and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
- H. 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

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are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity.

Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian. The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

Deposits: At fiscal year end, the carrying amount of the School District's deposits was \$1,412,089 and the bank balance was \$1,637,633. Of the bank balance:

1. \$157,500 was covered by federal depository insurance; and
2. \$1,480,133 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 are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility, and tangible personal property located in the School District. Property tax revenue received during calendar 2001 for real and public utility property taxes represents collections of calendar 2000 taxes. Property tax payments received during calendar 2001 for tangible personal property (other than public utility property) is for calendar 2001 taxes.

2001 real property taxes are levied after April 1, 2001, on the assessed value as of January 1, 2001, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

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

2001 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 2000. Collections are made in 2001. Tangible personal property assessments are twenty-five percent of true value.

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

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Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20. The assessed values upon which the fiscal year 2001 taxes were collected are:

	2000 Second- Half Collections		2001 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$95,467,950	76%	\$95,929,970	78%
Public Utility Personal	8,900,450	7	9,330,500	7
Tangible Personal Property	20,626,380	17	18,188,930	15
Total	\$124,994,780	100%	\$123,449,400	100%
Tax rate per \$1,000 of assessed valuation	\$25.00		\$25.00	

The School District receives property taxes from Lawrence County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2001, are available to finance fiscal year 2001 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, 2001. 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, 2001, was \$13,406 and is recognized as revenue in the General Fund.

Note 8 - Receivables

Receivables at June 30, 2001, 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	\$8,213
Special Revenue Funds:	
ABLE	120,655
Chapter I	488,334
Drug Free Schools	9,849
Title VI-R	4,557
Total Special Revenue Funds	<u>623,395</u>
Total Intergovernmental Receivables	<u><u>\$631,608</u></u>

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Note 9 - Fixed Assets

A summary of the enterprise fund's fixed assets at June 30, 2001, follows:

Furniture and Equipment	\$213,709
Less: accumulated depreciation	(142,778)
Net Fixed Assets	<u>\$70,931</u>

A summary of the changes in general fixed assets during fiscal year 2001 follows:

	Balance 6/30/00	Additions	Deductions	Balance 6/30/01
Land and Improvements	\$321,591	\$0	\$0	\$321,591
Buildings and Improvements	3,414,807	97,550	0	3,512,357
Furniture, Fixtures and Equipment	2,936,107	115,201	160,286	2,891,022
Vehicles	718,800	97,346	0	816,146
Textbooks	941,005	55,309	0	996,314
Construction in Progress	49,359	0	49,359	0
Total General Fixed Assets	<u>\$8,381,669</u>	<u>\$365,406</u>	<u>\$209,645</u>	<u>\$8,537,430</u>

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 \$3,504 for services provided during fiscal year 2001. To obtain financial information write to the Pike County Joint Vocational School District, P.O. Box 577, 23365 State Route 124, Piketon, Ohio 45661.

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B. Insurance Purchasing Pools

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.

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, an insurance purchasing pool. The consortium's business and affairs are conducted by a nine member Board of Directors consisting of the superintendents of member school districts and educational service centers.

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 2001, the School District contracted with Nationwide Insurance Company for property insurance and boiler and machinery coverage. The policies include a \$1,000 deductible.

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

For fiscal year 2001, 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.

The School District participates in the Lawrence County Schools Insurance Purchasing Consortium, an insurance purchasing pool (Note 10). The intent of the consortium is to achieve the benefit of a reduced health insurance premium for the School District by virtue of its grouping and representation with other participants in the consortium. Each participant pays its health insurance premium to the insurance provider. Participation in the consortium is limited to school districts that can meet the criteria outlined in the consortium's operating articles. The firm of Cross and Associates provides administrative services to the consortium.

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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 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2001, 2000, and 1999 were \$56,744, \$88,074, and \$89,124, respectively; 23.14 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$43,610 representing the unpaid contribution for fiscal year 2001, 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.

For the fiscal year ended June 30, 2001, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$570,189, \$281,386, and \$552,678, respectively; 83.5 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$94,058 represents the unpaid contribution for fiscal year 2001 and is recorded as a liability within the respective funds.

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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, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$270,090 for fiscal year 2001.

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

For SERS, coverage is made available to service retirees with ten or more 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, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase from 8.5 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2001 fiscal year equaled \$179,212.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2000 (the latest information available), were \$140,696,340 and the target level was \$211 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants currently receiving health care benefits.

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**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
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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 65 days.

B. *Health Care Benefits*

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

Health insurance is provided by Medical Mutual of Ohio. Premiums for this coverage are \$757 for family coverage and \$307 for single coverage. The School District pays 89% of single coverage premium and 96% of family coverage premium.

Note 15 - Capitalized Leases - Lessee Disclosure

In prior and current 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 \$37,932, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

The following is a schedule of the future minimum lease payments required under the capital lease and the present value of the minimum lease payments as of June 30, 2001.

Fiscal Year Ending June 30,	General Long-Term Obligations
2002	10,861
2003	5,381
2004	4,637
2005	4,634
2006	1,933
Total minimum lease payments	27,446
Less: amount representing interest	(6,000)
Present value of minimum lease payments	<u>\$21,446</u>

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Note 16 - Long-Term Obligations

Changes in long-term obligations of the School District during fiscal year 2001, were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
Capital Leases	\$10,834	\$16,608	\$5,996	\$21,446
Energy Conservation Bonds 1998 5.90%	278,548	0	28,245	250,303
Energy Conservation Note 1998 0.00%	37,747	0	15,099	22,648
Compensated Absences	1,040,819	244,557	148,894	1,136,482
Intergovernmental Payable	121,721	165,302	121,721	165,302
Total General Long-Term Obligations	\$1,489,669	\$426,467	\$319,955	\$1,596,181

The capital lease obligation will be paid from the general fund. The energy conservation bonds and note will be paid from the Energy Conservation capital projects 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 \$11,110,446, with an unvoted debt margin of \$123,449 at June 30, 2001. Principal and interest requirements to retire the energy conservation bonds and notes outstanding at June 30, 2001, are as follows:

Fiscal Year Ending June 30,	Principal	Interest	Total
2002	45,010	13,886	58,896
2003	39,225	12,069	51,294
2004	33,544	10,145	43,689
2005	35,524	8,108	43,632
2006	37,620	5,950	43,570
2007-2008	82,028	4,910	86,938
	\$272,951	\$55,068	\$328,019

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, 2001.

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	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total Enterprise Funds</u>
Operating Revenues	\$309,441	\$10,773	\$320,214
Depreciation	\$6,846	\$0	\$6,846
Operating Income (Loss)	(\$347,372)	\$368	(\$347,004)
Donated Commodities	\$31,840	\$0	\$31,840
Operating Grants	\$245,124	\$0	\$245,124
Interest Income	\$504	\$0	\$504
Net Income (Loss)	(\$69,904)	\$368	(\$69,536)
Net Working Capital	(\$121,701)	\$710	(\$120,991)
Fixed Asset Additions	\$23,663	\$0	\$23,663
Total Assets	\$92,769	\$710	\$93,479
Long-Term Compensated Absences Payable	\$21,745	\$0	\$21,745
Total Equity	(\$72,515)	\$710	(\$71,805)
Encumbrances, June 30, 2001	\$50,823	\$0	\$50,823

Note 18 - Interfund Receivables/Payables

Interfund receivables and payables at June 30, 2001, consist of the following individual balances:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$758,412	\$0
Special Revenue Funds		
District Managed Activity	0	618
Auxilliary	0	2,296
Ohio Reads	0	28,623
ABLE	0	118,376
Title VI-B	0	65,212
Title I	0	399,891
Drug Free Schools	0	5,598
Public School Preschool	0	1,926
Total Special Revenue Funds	0	622,540
Capital Project Funds		
Permanent Improvements	0	26,671
Emergency Repair Fund	0	26,817
Total Capital Project Funds	0	53,488
Enterprise Fund		
Food Service	0	82,384
Total All Funds	\$758,412	\$758,412

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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, 2001.

B. Litigation

The School District is not currently 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.

For fiscal year ended June 30, 2001, the School District was no longer required to set aside funds in the budget reserve set-aside, with the exception of monies received from the Bureau of Workers' Compensation, which must be spent for specified purposes.

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

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside Cash Balance as of June 30, 2000	\$34,061	\$0	\$62,946
Current Year Set-aside Requirement	178,888	178,888	43,994
Qualifying Disbursements	(88,084)	(162,569)	
Required Set-aside	<u>124,865</u>	<u>16,319</u>	<u>106,940</u>
Amount Set-aside by District	<u>\$124,865</u>	<u>\$16,319</u>	<u>\$106,940</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$248,125.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001**

Note 21 - School Funding Court Decision

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

A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.

Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order. In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of December 13, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

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

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

FEDERAL GRANTOR <i>Pass Through Grantor Program Title</i>	Pass-Through Entity's Number	Federal CFDA Number	Receipts	Noncash Receipts	Disbursements	Noncash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster: Food Distribution Program	N/A	10.550	\$0	\$31,414	\$0	\$31,840
National School Breakfast Program	05-PU 00/01	10.553	33,872	0	33,872	0
National School Lunch Program	LL-P1-00/01 LL-P4-00/01	10.555	223,619	0	223,619	0
Total Nutrition Cluster			257,491	31,414	257,491	31,840
Total United States Department of Agriculture			257,491	31,414	257,491	31,840
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
TTitle I Program	C1-S1 and C1-SD	84.010	582,810	0	620,581	0
Special Education Cluster: Education of Handicapped - Title VI-B	6B-SF 98/99/00	84.027	188,458	0	79,595	0
Handicapped Preschool & School Program Total Special Education Cluster	PG-S1 99/00 & PG-SC 99	84.173	45,903 234,361	0 0	32,771 112,366	0 0
Drug Free Schools Program	DR-S1/01	84.186	5,936	0	13,807	0
Goals 2000	G2-S2 00/01	84.276	35,000	0	5,616	0
Eisenhower Professional Development Grant	MS-S1 00/01	84.281	22,469	0	6,790	0
Innovative Education Program - Title VI	C2-S1 01	84.298	2,427	0	362	0
Technology Literacy Challenge Fund - Raising the Bar	TF-41, TF-42, TF-43	84.318	150,000	0	153,761	0
State Program Improvement Grants	ST-S1-01	84.323	50,000	0	0	0
Comprehensive School Reform Grant	RF-S1 00	84.332	62,500	0	80,713	0
Class Size Reduction Grant	CR S1 00/01	84.340	90,245	0	0	0
Total United States Department of Education			1,235,748	0	993,996	0
UNITED STATES DEPARTMENT OF MENTAL RETARDATION						
<i>Passed Through Ohio Department of Retardation</i>						
Medical Assistance Program - Title XIX	n/a	93.778	56,116	0	56,116	0
Total United States Department of Mental Retardation			56,116	0	56,116	0
CORPORATION FOR NATIONAL SERVICE						
<i>Passed Through Ohio Department of Education</i>						
Learn and Serve America	SV-S1-2000	94.004	0	0	149	0
Total Corporation for National Science			0	0	149	0
UNITED STATES DEPARTMENT OF TREASURY						
<i>Received Directly from Federal Government</i>						
VISTA	n/a	94.013	5,040	0	4,964	0
Total United States Department of Treasury			5,040	0	4,964	0
Total Federal Awards Receipts and Expenditures			1,554,395	31,414	1,312,716	31,840

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

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

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

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Non-monetary assistance, such as food received from the United States Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the United States Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the School District had food commodities valued at \$4,896 in inventory.



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

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

To the Board of Education:

We have audited the accompanying general purpose financial statements of Ironton City School District, Lawrence County, Ohio (the School District), as of and for the year ended June 30, 2001, and have issued our report thereon dated December 14, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the School District's general purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying Schedule of Findings as items 2001-10744-001, 2001-10744-002, 2001-10744-03, 2001-10744-04 and 2001-10744-05. We also noted certain immaterial instances of noncompliance that we have reported to management of the School District in a separate letter dated December 14, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose 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 December 14, 2001.

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

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

Jim Petro
Auditor of State

December 14, 2001



STATE OF OHIO
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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, 2001. 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 is the responsibility of the School District's management. Our responsibility is to express an opinion on the School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the 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, 2001. However, we noted certain instances of noncompliance that do not require inclusion in this report that we have reported to management of the School District in a separate letter dated December 14, 2001.

Internal Control Over Compliance

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

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. We also noted other matters involving the internal control over federal compliance that do not require inclusion in this report, that we have reported to management of the School District in a separate letter dated December 14, 2001.

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

Jim Petro
Auditor of State

December 14, 2001

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at 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?	Yes
(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

IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)

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

FINDING NUMBER 2001-10744-001

Noncompliance Citation

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

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

Fund 001	General	February 2001	(\$1,114,193)
Fund 004	Energy Conservation	February 2001	\$(58,944)
Fund 004	Energy Conservation	October 2000	\$(44,011)
Fund 006	Food Service	June 2001	\$(39,505)
Fund 006	Food Service	February 2001	\$(76,785)
Fund 006	Food Service	October 2000	\$(56,016)
Fund 010	ADA Grant	February 2001	\$(123,698)
Fund 010	ADA Grant	October 2000	\$(123,698)
Fund 501	Adult Education	June 2001	\$(111,947)
Fund 501	Adult Education	February 2001	\$(40,745)
Fund 572	Title I Grant	June 2001	\$(387,183)
Fund 572	Title I Grant	February 2001	\$(631,303)
Fund 572	Title I Grant	October 2000	\$(470,597)
Fund 584	Drug Free Grant	June 2001	\$(6,098)

We recommend the School Treasurer not use funds from one fund to cover the expenses of another fund and make appropriate advances as needed. Furthermore, we recommend that cash requests be made periodically as provided for under the grant agreements.

FINDING NUMBER 2001-10744-002

Noncompliance Citation

Ohio Rev. Code Section 5705.36 allows all local governments to request increase amended certificates of estimated resources and also allows school districts to request reduced amended certificates upon determination by the fiscal officer that revenue to be collected will be greater or less than the amount in the official certificate of estimated resources.

At June 27, 2001, estimated receipts exceeded actual receipts in the Athletic Fund (300) by \$40,245 or 21%, the Adult Education Fund (501) by \$6,145 or 6%, and the Title I Fund (572) by \$117,190 or 17%.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

**FINDING NUMBER 2001-10744-002
(Continued)**

Noncompliance Citation (Continued)

We recommend the School District make a strong effort to use realistic estimates in preparing certificates of estimated resources. If the School District determines that the revenues will exceed or fall below current estimates, an amended certificate should be requested. Proper monitoring of the budgetary activity by the Board of Education and the School Treasurer would enable management to make such determinations, and more effectively monitor the activities of the School District.

FINDING NUMBER 2001-10744-003

Noncompliance Citation

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

At June 30, 2001, Appropriations exceeded the estimated resources for the Adult Basic Education Grant Fund by \$100,761, for the Title I Fund by \$387,183, for the Drug Free Fund by \$6,598, and for the Food Service Fund by \$57,562.

We recommend the School Treasurer and Board of Education review budgetary documents to ensure appropriations of the School District do not exceed the estimated resources.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING NUMBER 2001-10744-004

Noncompliance Citation

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

Expenditures exceeded appropriations on June 27, 2001, in the following funds and by the following amounts:

General (001) - \$6,944,857 or 80%	School Funds (018) - \$47,763 or 97%
Knowledge Works (019) - \$15,014 or 100%	Athletic (300) - \$281, 151 or 92%
Non-Public Schools (401) - \$120,058 or 97%	Professional Development (416) - \$16,276 or 100%
EMIS (432) - \$5,504 or 99%	DPIA (447) - \$724,266 or 98%
Ohio Reads Grant (459) - \$81,188 or 98%	Various State Grants (499) - \$271,783 or 97%
Adult Education Grant (501) - \$218,669 or 98%	Eisenhower Grant (514) - \$6,772 or 99%
Title VI-B Grant (516) - \$84,676 or 97%	Title I Grant (572) - \$608,711 or 98%
Drug Free Grant (584) - \$12,563 or 88%	Preschool Grant (587) - \$31,639 or 94%
Various Federal Grants (599)-\$258,242 or 98%	Energy Conservation Grant (004) - \$57,916 or 98%
ADA Grant (010) - \$106,617 or 100%	Telecommunity Grant (453) - \$67,502 or 42%
Tech Equity Grant (454) - \$8,894 or 96%	Emergency Repair Grant (497) - \$50,000 or 100%
Food Service (006) - \$647,992 or 98%	Uniform and Supply (009) - \$10,152 or 98%
Scholarships (008) - \$7,490 or 100%	

The annual appropriation measure was not realistic and was grossly understated. As a result, most expenditures made during fiscal year 2001 exceeded appropriations, and were, therefore, in violation of this code section. No appropriation amendments were approved until the end of the fiscal year. The use of SETBAL was approved on June 28, 2001, in order to match budgetary figures to actual figures at year end.

We recommend the School District make a strong effort to use realistic estimates in preparing the annual appropriation measure. If the School District determines that the expenditures will exceed the current level of appropriations, an appropriation amendment should be approved. Proper monitoring of the budgetary activity by the Board of Education and the School Treasurer would enable management to make such determinations, and more effectively monitor the activities of the School District.

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 §.505
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

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

FINDING NUMBER 2001-10744-005

Finding for Recovery

During the audit period the band director allowed Ms Elizabeth Keating to collect High School Band monies from local businesses that were payment for ads that had been placed in the football program. Ms Keating was also a member of the Ironton Band Boosters. Sometimes when the monies were collected for the High School Band the checks were made out to the Ironton Band and subsequently deposited into the Band Booster account. Due to the similarity of the names of the organizations this was easy to do. After an investigation and trial it was determined Ms Keating was guilty of embezzling approximately \$90,000 from the Ironton Band Boosters. However, some of these embezzled funds were the property of the Ironton High School Band because some of their money had been co-mingled with the Band Boosters money. As a result of the trial the judge ordered the Band Boosters to pay the Ironton High School Band \$5,000 because some of the money that had been embezzled had belonged to the High School Band. The amount that was due to the High School Band was determined by the County Prosecutor's Office during an investigation. The Prosecutor's office determined that \$9,565 was collected by Ms. Keating for ad sales in the football program. The total receipts in the Band Activity Account for such sales was \$3,100. This leaves a total of \$6,465 missing. The judge ruled that the Ironton Band Boosters was to pay the Ironton High School Band \$5,000 for their portion of the funds that had been deposited in the Ironton Band Boosters Account. Once the check was received this left \$1,465 unaccounted for. Ms. Keating has already been convicted of stealing the money and is currently incarcerated for her crime.

In accordance with the forgoing facts, and pursuant to Ohio Rev. Code Section 117,28, a Finding for Recovery for public money collected but not accounted for is hereby issued against Ms. Keating in the amount of one thousand four hundred and sixty-five dollars in favor of the Ironton City School District's Athletic Fund.

Ms. Keating has already been convicted of stealing the money and is currently incarcerated for her crime.

3. FINDINGS FOR FEDERAL AWARDS

None

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 §.315(b)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Finding Summary	Fully Corrected?	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:
2000-10744-001	Ohio Revised Code Section 149.351 - Destruction or damage of records	Yes	
2000-10774-002	Ohio Revised Code Section 5705.10 - Negative fund balances	No	Not corrected, a material noncompliance citation was issued through the same code section as finding No. 2001-10744-001.
2000-10774-003	Ohio Revised Code Section 5705.39 - Appropriations exceeded estimated resources	No	Not corrected, a material noncompliance citation was issued through the same code section as finding No. 2001-10744-003.
2000-10774-004	Ohio Revised Code Section 5705.41(B) - Expenditures exceeded appropriations	No	Not corrected, a material noncompliance citation was issued through the same code section as finding No. 2001-10744-004.
2000-10774-005	Ohio Revised Code Section 5705.412 - 412 certificates not always issued	No	Partially Corrected, a management letter comment was issued through the same code section.
2000-10774-006	Federal Drawdowns not requested timely	No	Not corrected, a reportable condition was issued for the same requirement as finding No. 2001-10774-005

**IRONTON CITY SCHOOL DISTRICT
LAWRENCE COUNTY**

**CORRECTIVE ACTION PLAN
OMB CIRCULAR A-133 §.315(c)
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

Finding Number	Planned Corrective Action	Anticipated Completion Date	Responsible Contact Person
2001-10744-001	Interfund advances will be approved and made as needed throughout the year.	June 30, 2002	Patty Wade, Treasurer
2001-10744-002	The School District will monitor estimated vs. actual receipts and make request amended certificates as needed throughout the year.	June 30, 2002	Patty Wade, Treasurer
2001-10744-003	The School District will compare appropriation resolutions with certificate of estimated resources for compliance.	June 30, 2002	Patty Wade, Treasurer
2001-10744-004	The School District will compare expenditures with appropriation resolutions for compliance throughout the year.	June 30, 2002	Patty Wade, Treasurer
2001-10744-005	The School District will only allow employees who are covered under blanket bonding insurance to collect monies.	June 30, 2002	Patty Wade, Treasurer
2001-10744-006	The School District will submit project cash request forms at least four weeks prior to the date when additional funds will be needed.	June 30, 2002	Patty Wade, Treasurer



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IRONTON CITY SCHOOL DISTRICT

LAWRENCE COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 15, 2002**