



**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2001



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Steubenville City School District, Jefferson County, (the District) as of and for the year ended June 30, 2001, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Steubenville City School District, Jefferson County, as of June 30, 2001, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles in the United States of America.

As further discussed in Note 3, during the year ended June 30, 2001, the District adopted Governmental Accounting Statement No.33.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 10, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of the audit.

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

Jim Petro
Auditor of State

December 10, 2001

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STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

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

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$4,815,349	\$1,674,399	\$804,280	\$8,177,213
Investments				
Receivables:				
Property and Other Taxes	4,434,930	99,045	1,426,251	
Accounts		300		
Intergovernmental	16,852	31,781		1,330,644
Accrued Interest	11,441			
Interfund	17,000			
Prepaid Items	2,511	42		
Inventory Held for Resale				
Materials and Supplies Inventory	12,497			
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	326,092			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
Other Debits:				
Amount Available in Debt Service Fund for Retirement of Debt				
Amount to be Provided from General Government Resources				
Total Assets and Other Debits	9,636,672	1,805,567	2,230,531	9,507,857
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	22,185	17,675		1,096
Contracts Payable				486,173
Accrued Wages and and Benefits Payable	994,007	310,511		
Compensated Absences Payable	33,218	395		
Interfund Payable				
Intergovernmental Payable	228,449	60,128		
Deferred Revenue	3,377,746	75,197	1,082,834	1,330,644
Undistributed Monies				
Due to Students				
Claims Payable				
Energy Conservation Loan Payable				
General Obligation Bonds Payable				
Total Liabilities	4,655,605	463,906	1,082,834	1,817,913
Fund Equity and Other Credits:				
Investment in General Fixed Assets				
Contributed Capital				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	344,368	567,331		1,344,798
Reserved for Inventory	12,497			
Reserved for Property Taxes	1,068,625	23,848	343,417	
Reserved for Principal				
Reserved for Textbooks	102,604			
Reserved for Capital Improvements	82,992			
Reserved for Bus Purchase	55,000			
Reserved for Budget Stabilization	85,496			
Unreserved				
Designated for Budget Stabilization	197,545			
Undesignated	3,031,940	750,482	804,280	6,345,146
Total Fund Equity and Other Credits	4,981,067	1,341,661	1,147,697	7,689,944
Total Liabilities, Fund Equity and Other Credits	\$9,636,672	\$1,805,567	\$2,230,531	\$9,507,857

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$245,661	\$1,987,024	\$309,163 51,629			\$18,013,089 51,629
					5,960,226 300
416					1,379,693 11,441
1,175					17,000 3,728
7,911					7,911
1,621					14,118
					326,092
233,483			30,207,603		30,441,086
				1,147,697	1,147,697
				12,247,625	12,247,625
490,267	1,987,024	360,792	30,207,603	13,395,322	69,621,635
6,599					47,555 486,173
6,920					1,311,438
8,995				1,346,223	1,388,831
17,000					17,000
11,146				100,850	400,573
3,456					5,869,877
		25			25
		15,499			15,499
	409,819				409,819
				371,938	371,938
				11,576,311	11,576,311
54,116	409,819	15,524		13,395,322	21,895,039
			30,207,603		30,207,603 94,000
94,000					
342,151	1,577,205				1,919,356
					2,256,497 12,497
					1,435,890
		234,590			234,590
					102,604
					82,992
					55,000
					85,496
					197,545
		110,678			11,042,526
436,151	1,577,205	345,268	30,207,603		47,726,596
490,267	1,987,024	360,792	30,207,603	13,395,322	69,621,635

**STEBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES, AND
CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILIAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
Property and Other Taxes	\$3,682,011	\$64,659	\$792,025			\$4,538,695
Intergovernmental	8,585,708	4,374,978	133,428	5,533,144		18,627,258
Interest	456,799	26,580	46,106	257,471	5,184	792,140
Tuition and Fees	915,015	13,919				928,934
Rent	11,992					11,992
Extracurricular Activities		228,897				228,897
Gifts and Donations					42,425	42,425
Miscellaneous	120,196	96,943		305,985		523,124
Total Revenues	<u>13,771,721</u>	<u>4,805,976</u>	<u>971,559</u>	<u>6,096,600</u>	<u>47,609</u>	<u>25,693,465</u>
Expenditures:						
Current:						
Instruction:						
Regular	5,018,635	1,773,455				6,792,090
Special	1,718,885	1,324,814				3,043,699
Vocational	650,833	10,397				661,230
Adult/Continuing		45,665				45,665
Other	120,449					120,449
Support Services:						
Pupils	563,298	139,075				702,373
Instructional Staff	204,836	407,242				612,078
Board of Education	21,674					21,674
Administration	1,089,492	210,560				1,300,052
Fiscal	223,948	27,295	26,551			277,794
Business	148,808	11,997				160,805
Operation and Maintenance of Plant	1,521,562	14,902				1,536,464
Pupil Transportation	342,851	4,438				347,289
Central		11,106				11,106
Non-Instructional Services		560,175			27,500	587,675
Extracurricular Activities	187,359	244,288				431,647
Capital Outlay	65,409	983		2,940,157		3,006,549
Debt Service:						
Principal			562,994			562,994
Interest and Fiscal Charges			394,209	205,414		599,623
Total Expenditures	<u>11,878,039</u>	<u>4,786,392</u>	<u>983,754</u>	<u>3,145,571</u>	<u>27,500</u>	<u>20,821,256</u>
Excess of Revenues Over (Under) Expenditures	<u>1,893,682</u>	<u>19,584</u>	<u>(12,195)</u>	<u>2,951,029</u>	<u>20,109</u>	<u>4,872,209</u>
Other Financing Sources (Uses):						
Proceeds from Sale of Bonds				3,245,000		3,245,000
Operating Transfers In			119,388	390,414		509,802
Operating Transfers Out	(304,388)		(205,414)			(509,802)
Total Other Financing Sources (Uses)	<u>(304,388)</u>		<u>(86,026)</u>	<u>3,635,414</u>		<u>3,245,000</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	1,589,294	19,584	(98,221)	6,586,443	20,109	8,117,209
Fund Balances at Beginning of Year, (Restated, Note 3)	3,393,641	1,322,077	1,245,918	1,103,501	73,574	7,138,711
Decrease in Reserve for Inventory	(1,868)					(1,868)
Fund Balances at End of Year	<u>\$4,981,067</u>	<u>\$1,341,661</u>	<u>\$1,147,697</u>	<u>\$7,689,944</u>	<u>\$93,683</u>	<u>\$15,254,052</u>

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

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**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Property and Other Taxes	\$3,511,345	\$3,501,345	(\$10,000)	\$73,991	\$73,991	\$0
Intergovernmental	8,598,801	8,608,801	10,000	4,549,538	4,517,889	(31,649)
Interest	475,000	463,371	(11,629)	26,803	26,580	(223)
Tuition and Fees	932,099	931,298	(801)	13,919	13,919	
Rent	11,992	11,992				
Extracurricular Activities				231,965	228,597	(3,368)
Gifts and Donations						
Miscellaneous	98,622	98,617	(5)	130,246	96,343	(33,903)
Total Revenues	13,627,859	13,615,424	(12,435)	5,026,462	4,957,319	(69,143)
Expenditures:						
Current:						
Instruction:						
Regular	6,449,278	5,180,709	1,268,569	2,262,513	2,134,598	127,915
Special	2,098,311	1,759,455	338,856	1,670,941	1,420,585	250,356
Vocational	855,644	656,498	199,146	10,993	10,993	0
Adult/Continuing				44,701	43,806	895
Other	153,009	130,127	22,882			0
Support Services:						
Pupils	641,299	572,622	68,677	193,947	157,890	36,057
Instructional Staff	274,281	204,060	70,221	507,829	418,526	89,303
Board of Education	34,734	23,547	11,187			0
Administration	1,262,104	1,145,018	117,086	258,750	220,468	38,282
Fiscal	267,178	222,147	45,031	32,988	27,457	5,531
Business	236,780	170,046	66,734	18,075	11,997	6,078
Operation and Maintenance of Plant	2,112,595	1,683,988	428,607	22,806	18,592	4,214
Pupil Transportation	390,046	361,377	28,669	12,946	10,921	2,025
Central	114,276	104,276	10,000	16,369	14,419	1,950
Non-Instructional Services				669,094	653,599	15,495
Extracurricular Activities	223,106	191,133	31,973	294,458	271,839	22,619
Capital Outlay	219,116	81,022	138,094	30,511	2,183	28,328
Debt Service:						
Principal Retirement						
Interest and Fiscal Charges						
Total Expenditures	15,331,757	12,486,025	2,845,732	6,046,921	5,417,873	629,048
Excess of Revenues Over (Under) Expenditures	(1,703,898)	1,129,399	2,833,297	(1,020,459)	(460,554)	559,905
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	9,012	9,012				
Proceeds from Sale of Bonds						
Refund of Prior Year Expenditures	12,567	12,567		606	606	
Other Financing Sources				5,200	5,200	
Advances In	350,250	7,000	(343,250)			
Advances Out	(343,250)		343,250		(7,000)	(7,000)
Refund of Prior Year Receipts	(15,513)	(12,513)	3,000			
Operating Transfers In						
Operating Transfers Out	(538,000)	(304,388)	233,612			
Total Other Financing Sources (Uses)	(524,934)	(288,322)	236,612	5,806	(1,194)	(7,000)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,228,832)	841,077	3,069,909	(1,014,653)	(461,748)	552,905
Fund Balances at Beginning of Year	3,572,079	3,572,079		1,124,857	1,124,857	
Prior Year Encumbrances Appropriated	360,867	360,867		426,284	426,284	
Fund Balances at End of Year	\$1,704,114	\$4,774,023	\$3,069,909	\$536,488	\$1,089,393	\$552,905

Debt Service Fund			Capital Projects Funds			Expendable Trust Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$1,094,645	\$1,094,645							
133,428	133,428		5,533,144	5,533,144				
41,000	46,104	5,104	265,495	257,471	(8,024)	4,284	4,219	(65)
						49,679	42,424	(7,255)
99,439		(99,439)	4,575,586	303,168	(4,272,418)			
1,368,512	1,274,177	(94,335)	10,374,225	6,093,783	(4,280,442)	53,963	46,643	(7,320)
			494,099	452,419	41,680			
23,788	23,217	571						
						29,500	27,500	2,000
			5,065,458	3,430,089	1,635,369			
3,813,982	3,807,994	5,988						
595,409	599,623	(4,214)						
4,433,179	4,430,834	2,345	5,559,557	3,882,508	1,677,049	29,500	27,500	2,000
(3,064,667)	(3,156,657)	(91,990)	4,814,668	2,211,275	(2,603,393)	24,463	19,143	(5,320)
3,250,971	3,245,000	(5,971)						
			2,817	2,817				
(133,837)	(3,334)	130,503	(4,272,267)		4,272,267			
119,388	119,388		185,000	185,000				
3,236,522	3,361,054	124,532	(4,084,450)	187,817	4,272,267			
171,855	204,397	32,542	730,218	2,399,092	1,668,874	24,463	19,143	(5,320)
599,883	599,883		4,302,939	4,302,939		76,270	76,270	
			104,585	104,585				
\$771,738	\$804,280	\$32,542	\$5,137,742	\$6,806,616	\$1,668,874	\$100,733	\$95,413	(\$5,320)

(Continued)

STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

**COMBINED STATEMENT OF REVENUE, EXPENDITURES AND
CHANGES IN FUND BALANCES - BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001
(Continued)**

	Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$4,679,981	\$4,669,981	(\$10,000)
Intergovernmental	18,814,911	18,793,262	(21,649)
Interest	812,582	797,745	(14,837)
Tuition and Fees	946,018	945,217	(801)
Rent	11,992	11,992	
Extracurricular Activities	231,965	228,597	(3,368)
Gifts and Donations	49,679	42,424	(7,255)
Miscellaneous	4,903,893	498,128	(4,405,765)
Total Revenues	30,451,021	25,987,346	(4,463,675)
Expenditures:			
Current:			
Instruction:			
Regular	9,205,890	7,767,726	1,438,164
Special	3,769,252	3,180,040	589,212
Vocational	866,637	667,491	199,146
Adult/Continuing	44,701	43,806	895
Other	153,009	130,127	22,882
Support Services:			
Pupils	835,246	730,512	104,734
Instructional Staff	782,110	622,586	159,524
Board of Education	34,734	23,547	11,187
Administration	1,520,854	1,365,486	155,368
Fiscal	323,954	272,821	51,133
Business	254,855	182,043	72,812
Operation and Maintenance of Plant	2,135,401	1,702,580	432,821
Pupil Transportation	402,992	372,298	30,694
Central	130,645	118,695	11,950
Non-Instructional Services			
Extracurricular Activities	698,594	681,099	17,495
Capital Outlay	517,564	462,972	54,592
Debt Service:			
Principal Retirement	3,813,982	3,807,994	5,988
Interest and Fiscal Charges	595,409	599,623	(4,214)
Total Expenditures	31,400,914	26,244,740	5,156,174
Excess of Revenues Over (Under) Expenditures	(949,893)	(257,394)	692,499
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	9,012	9,012	
Proceeds from Sale of Bonds	3,250,971	3,245,000	(5,971)
Refund of Prior Year Expenditures	15,990	15,990	
Other Financing Sources	5,200	5,200	
Advances In	350,250	7,000	(343,250)
Advances Out	(343,250)	(7,000)	336,250
Refund of Prior Year Receipts	(4,421,617)	(15,847)	4,405,770
Operating Transfers In	304,388	304,388	
Operating Transfers Out	(538,000)	(304,388)	233,612
Total Other Financing Sources (Uses)	(1,367,056)	3,259,355	4,626,411
Excess of Revenues and Other Financing Financing Sources Over (Under) Expenditures and Other Financing Uses	(2,316,949)	3,001,961	5,318,910
Fund Balances at Beginning of Year	9,676,028	9,676,028	
Prior Year Encumbrances Appropriated	891,736	891,736	
Fund Balances at End of Year	\$8,250,815	\$13,569,725	\$5,318,910

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES,
EXPENSES, AND CHANGES IN FUND EQUITY
ALL PROPRIETARY AND SIMILIAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Internal Service	Non- Expendable Trust	
Operating Revenues:				
Sales	\$182,964			\$182,964
Charges for Services	10,871	1,972,596		1,983,467
Interest			21,171	21,171
Contributions and Donations			5,536	5,536
Other Revenues	897	1,046		1,943
Total Operating Revenues	194,732	1,973,642	26,707	2,195,081
Operating Expenses:				
Salaries	176,034			176,034
Fringe Benefits	40,752			40,752
Purchased Services	8,239	368,797		377,036
Materials and Supplies	108,359			108,359
Cost of Sales	257,251			257,251
Depreciation	33,509			33,509
Claims		1,505,192		1,505,192
Other	1,764		13,831	15,595
Total Operating Expenses	625,908	1,873,989	13,831	2,513,728
Operating Income (Loss)	(431,176)	99,653	12,876	(318,647)
Non-Operating Revenues:				
Federal Donated Commodities	27,718			27,718
Interest	8,727			8,727
Operating Grants	388,973			388,973
Total Non-Operating Revenues	425,418			425,418
Net Income (Loss)	(5,758)	99,653	12,876	106,771
Retained Earnings/Fund Balance at Beginning of Year, (Restated, Note 3)	347,909	1,477,552	238,709	2,064,170
Retained Earnings/Fund Balance at End of Year	342,151	1,577,205	251,585	2,170,941
Contributed Capital at Beginning and End of Year	94,000			94,000
Total Fund Equity at End of Year	\$436,151	\$1,577,205	\$251,585	\$2,264,941

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2001**

	<u>Enterprise Funds</u>			<u>Internal Service Fund</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
Revenues:						
Sales	\$183,403	\$182,964	(\$439)			
Charges for Services	12,000	10,871	(1,129)	\$2,000,000	\$1,972,596	(\$27,404)
Operating Grants	488,652	438,160	(50,492)			
Interest	9,000	8,727	(273)			
Contributions and Donations						
Other Revenues	<u>500</u>	<u>481</u>	<u>(19)</u>	<u>1,300</u>	<u>1,046</u>	<u>(254)</u>
Total Revenues	<u>693,555</u>	<u>641,203</u>	<u>(52,352)</u>	<u>2,001,300</u>	<u>1,973,642</u>	<u>(27,658)</u>
Expenses:						
Salaries	196,355	184,858	11,497			
Fringe Benefits	64,530	54,939	9,591	479,493	423,445	56,048
Purchased Services	29,076	13,911	15,165	1,685,000	1,660,703	24,297
Materials and Supplies	405,026	375,859	29,167			
Capital Outlay	39,936	20,076	19,860			
Other Operating Expenses	<u>1,764</u>	<u>1,764</u>				
Total Expenses	<u>736,687</u>	<u>651,407</u>	<u>85,280</u>	<u>2,164,493</u>	<u>2,084,148</u>	<u>80,345</u>
Excess of Revenues Over (Under) Expenses	(43,132)	(10,204)	32,928	(163,193)	(110,506)	52,687
Fund Equity at Beginning of Year	181,853	181,853		1,964,750	1,964,750	
Prior Year Encumbrances Appropriated	<u>39,985</u>	<u>39,985</u>		<u>67,180</u>	<u>67,180</u>	
Fund Equity at End of Year	<u>\$178,706</u>	<u>\$211,634</u>	<u>\$32,928</u>	<u>\$1,868,737</u>	<u>\$1,921,424</u>	<u>\$52,687</u>

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

Non-Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
			\$183,403	\$182,964	(\$439)
			2,012,000	1,983,467	(28,533)
			488,652	438,160	(50,492)
\$13,837	\$13,604	(\$233)	22,837	22,331	(506)
5,536	5,536		5,536	5,536	
			1,800	1,527	(273)
<u>19,373</u>	<u>19,140</u>	<u>(233)</u>	<u>2,714,228</u>	<u>2,633,985</u>	<u>(80,243)</u>
			196,355	184,858	11,497
			544,023	478,384	65,639
			1,714,076	1,674,614	39,462
82	82		405,108	375,941	29,167
			39,936	20,076	19,860
<u>13,950</u>	<u>13,749</u>	<u>201</u>	<u>15,714</u>	<u>15,513</u>	<u>201</u>
<u>14,032</u>	<u>13,831</u>	<u>201</u>	<u>2,915,212</u>	<u>2,749,386</u>	<u>165,826</u>
5,341	5,309	(32)	(200,984)	(115,401)	85,583
235,333	235,333		2,381,936	2,381,936	
			107,165	107,165	
<u>\$240,674</u>	<u>\$240,642</u>	<u>(\$32)</u>	<u>\$2,288,117</u>	<u>\$2,373,700</u>	<u>\$85,583</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2001**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- Expendable Trust</u>	
Increase (Decrease) in Cash and Cash Equivalents:				
<u>Cash Flows from Operating Activities:</u>				
Cash Received from Customers	\$193,836			\$193,836
Cash Received from Contributions and Donations			5,536	5,536
Cash Received From Quasi-External Transactions with Other Funds		1,972,596		1,972,596
Cash Payments to Suppliers for Goods and Services	(355,743)		(82)	(355,825)
Cash Payments for Employee Services	(184,858)			(184,858)
Cash Payments for Employee Benefits	(54,940)	(368,797)		(423,737)
Cash Payments for Scholarships			(13,749)	(13,749)
Cash Payments for Claims		(1,649,751)		(1,649,751)
Other Operating Revenues	481	1,046		1,527
Other Operating Expenses	(1,764)			(1,764)
Net Cash Used for Operating Activities	<u>(402,988)</u>	<u>(44,906)</u>	<u>(8,295)</u>	<u>(456,189)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>				
Operating Grants Received	438,160			438,160
<u>Cash Flows from Investing Activities:</u>				
Interest on Investments	8,727		13,604	22,331
<u>Cash Flows from Capital and Related Financing Activities:</u>				
Payments for Capital Acquisitions	(20,076)			(20,076)
Net Increase (Decrease) in Cash and Cash Equivalents	23,823	(44,906)	5,309	(15,774)
Cash and Cash Equivalents at Beginning of Year	221,838	2,031,930	203,558	2,457,326
Cash and Cash Equivalents at End of Year	<u>\$245,661</u>	<u>\$1,987,024</u>	<u>\$208,867</u>	<u>2,441,552</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities:</u>				
Operating Income (Loss)	(431,176)	\$99,653	\$12,876	(\$318,647)
<u>Adjustments to Reconcile Operating Income (Loss) to Net Cash Used for Operating Activities:</u>				
Depreciation	33,509			33,509
Donated Commodities Used During the Year	27,718			27,718
Interest			(13,604)	(13,604)
Fair Value Adjustment			(7,567)	(7,567)
Changes in Assets and Liabilities:				
Decrease in Accrued Interest Receivable		10,952		10,952
Increase in Intergovernmental Receivable	(416)			(416)
Increase in Prepaids	(307)			(307)
Decrease in Inventory Held for Resale	2,153			2,153
Increase in Materials and Supplies Inventory	(311)			(311)
Decrease in Accounts Payable	(8,219)			(8,219)
Decrease in Accrued Wages and Benefits Payable	(445)			(445)
Decrease in Compensated Absences Payable	(9,878)			(9,878)
Decrease in Intergovernmental Payable	(14,187)			(14,187)
Decrease in Deferred Revenue	(1,429)			(1,429)
Decrease in Claims Payable		(155,511)		(155,511)
Total Adjustments	<u>28,188</u>	<u>(144,559)</u>	<u>(21,171)</u>	<u>(137,542)</u>
Net Cash Used for Operating Activities	<u>(\$402,988)</u>	<u>(\$44,906)</u>	<u>(\$8,295)</u>	<u>(\$456,189)</u>
<u>Reconciliation of Cash and Cash Equivalents:</u>				
Cash and Cash Equivalents - All Fiduciary Funds				\$309,163
Cash and Cash Equivalents - Agency Fund				(15,523)
Cash and Cash Equivalents - Expendable Trust Fund				<u>(84,773)</u>
Cash and Cash Equivalents - Non-Expendable Trust Fund				<u>\$208,867</u>

During fiscal year 2001, the School District recorded a fair value adjustment in the amount of \$7,567 for the increase of investment balances.

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

1. DESCRIPTION OF THE ENTITY

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

The School District was established in 1838. The School District serves an area of approximately 8.56 square miles in the City of Steubenville. It is located in Jefferson County on the Ohio River, thirty-seven miles west of Pittsburgh, Pennsylvania. It is staffed by 89 non-certificated employees, 185 certificated full-time teaching personnel and 17 administrative employees who provide services to 2,557 students and other community members. The School District currently operates 6 elementary schools, 1 middle school and 1 high school for instruction, and 1 administrative building.

Reporting Entity:

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt, or the levying of taxes.

No separate governmental units meet the criteria for inclusion as a component unit. The following activity is included within the reporting entity:

Parochial Schools: Within the School District boundaries, Holy Rosary, All Saints Consolidated and Catholic Central High School are operated through the Steubenville Diocese. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District participates in the Ohio Mid-Eastern Regional Education Services Agency, the Jefferson County Joint Vocational School, and the Ohio School Boards Association Workers Compensation Group Rating Plan, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. Basis Of Presentation - Fund Accounting

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

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

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

1. Governmental Fund Types:

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

General Fund

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

Special Revenue Funds

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Fund

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

3. Fiduciary Fund Types:

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

4. Account Groups:

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

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types 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 nonexpendable trust funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund 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 and agency funds. The full accrual basis of accounting is followed for the proprietary funds.

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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 a modified accrual basis, 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 Process

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

All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

1. Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

By no later than January 20, the Board-adopted budget is filed with the Jefferson County Budget Commission for rate determination.

2. Estimated Resources:

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

3. Appropriations:

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control.

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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

4. Encumbrances:

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

5. Lapsing of Appropriations:

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

D. Cash and Cash Equivalents

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

During fiscal year 2001, investments were limited to STAR Ohio, repurchase agreements, and nonnegotiable certificates of deposit. The School District also has donated common stock.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 2001. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2001.

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 \$456,799, which includes \$260,672 assigned from other School District funds.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

The baseball scholarship special revenue fund, athletic and music special revenue, auxiliary service special revenue fund, bond retirement debt service fund, school facilities capital projects fund, scholarship expendable trust fund and scholarship non-expendable trust fund also received interest during fiscal year 2001 of \$80, \$18,442, \$8,058, \$46,106, \$257,471, \$5,184 and \$21,171, respectively.

For purposes of the combined statement of cash flows and for presentation of the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months not purchased from the pool are reported as investments.

E. Inventory

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

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.

G. Fixed Assets and Depreciation

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

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

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization and the purchase of textbooks and capital improvements. See Note 21 for additional information regarding set-asides.

I. Interfund Assets/Liabilities

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

J. Compensated Absences

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

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

K. Accrued Liabilities and Long-Term Obligations

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

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Interfund Transactions

Quasi-external transactions are accounted for as revenues and expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves and Designations

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

The School District has a fund balance designation on the balance sheet for additional money above the reserve for budget stabilization required by State statute.

N. Contributed Capital

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

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

O. Total Columns on General Purpose Financial Statements

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

P. Estimates

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

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE

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

Restatement of Fund Balance For fiscal year 2001, the School District has fund reclassifications. The ERATE Fund was reclassified from a Special Revenue Fund to part of the General Fund. The School District needed to reclassify prior year revenue posted to incorrect funds. The fund reclassifications had the following effect on fund balance at June 30, 2000:

	General	Special Revenue	Debt Service	Internal Service
Fund Balance/Retained Earnings at June 30, 2000	\$3,390,638	\$1,294,018	\$1,276,980	\$1,873,343
To Reclassify Revenue Posted Incorrectly	0	31,062	(31,062)	0
Incurred-but-not-reported Claims	0	0	0	(395,791)
Fund Reclassification	3,003	(3,003)	0	0
Adjusted Fund Balance/Retained Earnings at June 30, 2000	<u>\$3,393,641</u>	<u>\$1,322,077</u>	<u>\$1,245,918</u>	<u>\$1,477,552</u>

The effect of the fund reclassification on the excess of revenues and other financing sources over (under) expenditures and other uses previously reported and net income for the year ended June 30, 2000 is as follows:

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

3. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE (continued)

	General	Special Revenue	Internal Service
Excess/Net Income as previously reported - 2000	\$792,289	\$529,757	\$445,536
Incurred-but-not-reported Claims	0	0	(395,791)
Fund Reclassification	3,003	(3,003)	0
Restated Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Uses/Net Income	\$795,292	\$526,754	\$49,745

The balance of the General Long Term Obligations Account Group was overstated at June 30, 2000 by \$919,126. General Obligation Bonds were overstated by \$917,502 and Energy Conservation Notes were overstated by \$1,624.

Claims Payable in the Internal Service Fund was understated at June 30, 2000 by \$395,791 as the incurred-but-not-reported claims were not accounted for. The restated June 30, 2000 Claims Payable is \$565,330

4. ACCOUNTABILITY

At June 30, 2001, the DPIA Special Revenue Fund and the Uniform School Supplies Enterprise Fund had a deficit fund balance/retained earnings of \$17,091 and \$9,651 respectively. The DPIA Special Revenue Fund's deficit fund balance was created by the recognition of accrued liabilities. This fund receives transfers from the General Fund when cash is required rather than when accruals occur. The Uniform School Supplies Enterprise Fund's deficit retained earnings reflects accumulated net losses. Management is analyzing the enterprise fund operations to determine appropriate steps to eliminate the deficit.

5. BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations, and changes in fund balances/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts, disbursements, and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and Expendable Trust Funds and the Combined Statement of Revenues, Expenses and Changes in Fund Equity - Budget and Actual (Budget Basis) All Proprietary Fund Types and Non-Expendable Trust Funds 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).

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosure in the proprietary fund type (GAAP basis).
4. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
6. The School District repays short-term note debt from the debt service fund (budget basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

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

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

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
GAAP Basis	\$1,589,294	\$19,584	(\$98,221)	\$6,586,443	\$20,109
Revenue Accruals	(135,047)	157,143	302,618	0	0
Change in Fair Value	0	0	0	0	(966)
Expenditure Accruals	(255,921)	(46,517)	0	222,832	0
Unrecorded Cash	329	0	0	0	0
Debt Service Principal	0	0	(3,245,000)	0	0
Debt Service Interest	0	0	(205,414)	205,414	0
Prepays	2,511	42	0	0	0
Bond Proceeds	0	0	3,245,000	(3,245,000)	0
Transfers-Out	0	0	205,414	0	0
Advances-In	7,000	0	0	0	0
Advances-Out	0	(7,000)	0	0	0
Encumbrances	(367,089)	(585,006)	0	(1,370,598)	0
Budget Basis	<u>\$841,077</u>	<u>(\$461,754)</u>	<u>\$204,397</u>	<u>\$2,399,091</u>	<u>\$19,143</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

5. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$5,758)	\$99,653	\$12,876
Revenue Accruals	21,053	0	0
Change in Fair Value	0	0	(7,567)
Expense Accruals	(7,676)	(144,559)	0
Capital Outlay	(20,076)	0	0
Materials and Supplies Inventory	311	0	0
Inventory Held For Resale	2,153	0	0
Prepays	307	0	0
Depreciation Expense	33,509	0	0
Encumbrances	<u>(34,027)</u>	<u>(65,600)</u>	<u>0</u>
Budget Basis	<u><u>(\$10,204)</u></u>	<u><u>(\$110,506)</u></u>	<u><u>\$5,309</u></u>

6. DEPOSITS AND INVESTMENTS

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

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

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

Interim deposits are deposits of 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

1. United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

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

Deposits At year end the carrying amount of the School District's deposits was (\$301,320) and the bank balance was \$995,463. Of the bank balance:

- A. \$200,000 was covered by federal depository insurance; and
- B. \$795,463 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

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

	Category 2	Category 3	Unclassified	Carrying and Fair Value
Common Stock	\$51,629	\$0	\$0	\$51,629
Repurchase Agreement	0	12,046,207	0	12,046,207
STAR Ohio	0	0	6,594,294	6,594,294
Totals	<u>\$51,629</u>	<u>\$12,046,207</u>	<u>\$6,594,294</u>	<u>\$18,692,130</u>

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

6. DEPOSITS AND INVESTMENTS (Continued)

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$18,339,181	\$51,629
Investments:		
Repurchase Agreement	(12,046,207)	12,046,207
STAR Ohio	(6,594,294)	6,594,294
Total GASB Statement 3	(\$301,320)	\$18,692,130

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) are 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. First half 2001 real property taxes are collected in and intended to finance fiscal year 2002.

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 2002 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.

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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

7. PROPERTY TAXES (Continued)

The School District receives property taxes from Jefferson County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 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.

The assessed values upon which 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	\$111,274,220	73.11%	\$135,616,210	77.00%
Public Utility	15,472,900	10.17%	14,842,190	8.43%
Tangible Personal Property	<u>25,446,077</u>	<u>16.72%</u>	<u>25,674,015</u>	<u>14.57%</u>
Total Assessed Value	<u><u>\$152,193,197</u></u>	<u><u>100.00%</u></u>	<u><u>\$176,132,415</u></u>	<u><u>100.00%</u></u>
Tax rate per \$1,000 of assessed valuation	\$36.80		\$36.45	

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2001 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 were levied to finance current fiscal year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not levied to finance current year operations. The amount available as an advance is recognized as revenue. The amount available as an advance at June 30, 2001, was \$1,435,890. \$1,068,625 was available to the general fund, \$343,417 was available to the bond retirement debt service fund, and \$23,848 was available to the classroom maintenance special revenue fund.

8. RECEIVABLES

Receivables at June 30, 2001, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current fiscal year guarantee of federal funds.

A summary of the principal items of intergovernmental receivables follows:

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

8. RECEIVABLES (Continued)

	Amounts
General Fund	
Miscellaneous Revenue	\$516
Excess Cost and Bureau of Workers Compensation Refund	16,336
	16,852
Total General Fund	16,852
Special Revenue Funds:	
Public School Support	131
Eisenhower	1,783
Title I	11,323
Drug Free Schools Grant	4,472
Title VI-R	14,072
	31,781
Total Special Revenue Funds	31,781
Capital Projects Fund:	
Ohio School Facilities	1,330,644
Enterprise Fund:	
Miscellaneous Revenue	416
	416
Total Intergovernmental Receivables	\$1,379,693

During March 2000, the School District was awarded \$7,743,036 for the construction of a new middle school under the State's "Classroom Facilities Program." Under this program, the School District entered into an agreement with the State of Ohio in which the State initially paid for a portion of the estimated project costs. Historically, the School District repaid the State. If the School District's adjusted valuation per pupil was less than the state-wide median adjusted valuation per pupil, in lieu of repayment, the School District set-aside the funds that would have been used for repayment to the State for facilities maintenance. As part of the process, the School District was required to submit a maintenance plan to the Ohio School Facilities Commission every five years until the twenty-three year period expired. Legislation effective September 15, 2000, eliminated any possibility that money received by the School District under this program will need to be repaid. As of the end of fiscal year 2001, the School District had received \$6,412,392 of the amount awarded under this program. The remaining amount of \$1,330,644 is recorded as a receivable and a deferred revenue on the balance sheet. The School District issued bonds to meet the local share requirement of the grant. See Note 15.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

9. FIXED ASSETS

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

Furniture and Equipment, Vehicle	\$532,762
Less Accumulated Depreciation	<u>(299,279)</u>
Net Fixed Assets	<u><u>\$233,483</u></u>

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

Asset Category	Balance at 6/30/00	Additions	Deletions	Balance at 6/30/01
Land and Improvements	\$1,498,841	\$66,533	\$0	\$1,565,374
Buildings and Improvements	17,358,652	77,444	0	17,436,096
Furniture, Fixtures and Equipment	3,056,109	632,122	8,500	3,679,731
Vehicles	519,689	108,148	0	627,837
Construction in Progress	<u>0</u>	6,898,565	<u>0</u>	<u>6,898,565</u>
Totals	<u><u>\$22,433,291</u></u>	<u><u>\$7,782,812</u></u>	<u><u>\$8,500</u></u>	<u><u>\$30,207,603</u></u>

10 RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2001, the School District contracted with Utica Mutual Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverage provided by Nationwide Insurance is as follows:

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

10. RISK MANAGEMENT (Continued)

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

Medical/surgical and dental insurance is offered to employees through a self-insurance minimum premium program with Provident Life and Accident Insurance Company. The claims liability of \$409,819 reported in the internal service fund at June 30, 2001, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 30 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. A summary of the funds' claims liability in 2000 and 2001 is as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
2000	\$320,011	\$1,663,038	\$1,417,719	\$565,330
2001	565,330	1,505,192	1,660,703	409,819

11. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Steubenville City 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.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

11. DEFINED BENEFIT PENSION PLANS (Continued)

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 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 \$48,697, \$68,674, and \$122,835, respectively; 22.76 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$63,646 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 Steubenville City 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 are required to contribute 9.3 percent of their annual covered salaries. The School District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, the portion used to fund pension obligations was 6 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$849,777, \$511,999, and \$442,352, respectively; 84.19 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$134,319 represents the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

12. POSTEMPLOYMENT BENEFITS

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certificated 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 funded on a pay-as-you-go basis.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

12. POSTEMPLOYMENT BENEFITS (Continued)

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 cost 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 \$402,526 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 billion. 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 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 of 1.3 percent for fiscal year 2001. 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 has been 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 \$139,660.

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 annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 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 receiving health care benefits.

13. EMPLOYEE BENEFITS

A. Compensated Absences

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

**STEUBENVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

13. EMPLOYEE BENEFITS (Continued)

B. Life Insurance

The School District provides life insurance and accidental death and dismemberment insurance to most employees through Northern Life Insurance Company of North America (CIGNA).

14. NOTES PAYABLE

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

15. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 2001 were as follows:

	Principal Outstanding 6/30/00	Additions	Deductions	Principal Outstanding 6/30/01
1993 High School Addition and Improvements 5.95%, Series A Bonds	\$815,000	\$0	\$25,000	\$790,000
1998 Refunding Bonds - Variable Interest Bonds	7,899,936	69,598	440,000	7,529,534
School Facilities Bond 2000 4.4% - 5.5%	0	3,256,777	0	3,256,777
Energy Conservation Loans	469,932	0	97,994	371,938
Total Bonds and Loans	9,184,868	3,326,375	562,994	11,948,249
Pension Obligation	118,414	100,850	118,414	100,850
Compensated Absences	1,678,486	635,113	967,376	1,346,223
Total General Long-Term Obligations	\$10,981,768	\$4,062,338	\$1,648,784	\$13,395,322

Compensated absences and the pension obligation, which represents the contractually required pension contribution paid outside the available period, will be paid from the fund from which the employees' salaries are paid.

1993 Steubenville High School Addition and Improvement General Obligation Bonds - On January 1, 1993, the Steubenville City School District issued \$951,384 in Series A voted general obligation bonds, and \$9,698,616 in Series B voted general obligation bonds for the purpose of an addition and

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

improvements to the high school building. The bonds were issued for a twenty-five year period with final maturity at December 1, 2017. The Series B bonds were refunded in 1998, while the Series A bonds remain outstanding.

On September 30, 1998, the School District issued \$9,790,362 in general obligation bonds, which included capital appreciation bonds (deep discount bonds). The refunding bonds replaced \$8,643,616 of outstanding 1993 Series B School Improvement General Obligation Bonds. Because of the deep discount associated with the issuance of capital appreciation bonds, the School District records the annual accretion of the discount interest in the general long-term obligations account group. The bonds were issued for a 23 year period with final maturity at December 1, 2022. The liability for the bonds is recorded in the General Long Term Obligations Account Group with annual principal and interest requirements retired from the Debt Service Fund. Principal outstanding at June 30, 2001 amounted to \$7,529,534 including current year accretion of \$69,598. \$9,653,900 (including premium and after underwriting fees, and other issuance costs) was deposited in an irrevocable trust to provide for all future debt service payments on the refunded 1993 Series B School Improvement Bonds. As of June 30, 2000, \$8,068,616 of these bonds are considered defeased and the liability for the refunded portion of these bonds has been removed from the general long-term obligations account group.

The 1998 bond issue consists of serial, term, and capital appreciation bonds. The term bonds that mature in the year 2016 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2016, and on each December 1 thereafter at 100 percent of the principal amount thereof plus accrued interest to the date of redemption according to the following schedule:

Date	Principal Amount to be Redeemed
2012	\$600,000
2013	625,000
2014	660,000
2015	695,000
2016	<u>655,000</u>
	\$3,235,000

The remaining principal amount of such Current Interest Bonds (\$655,000) will mature at stated maturity on December 1, 2016.

The capital appreciation bonds for the 1998 issue mature December 1, 2008 through December 1, 2011. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$2,385,000. For fiscal year 2001, \$69,598 was accreted for a total bond liability of \$1,603,017. The principal amount to be redeemed on December 1 each year is as follows:

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

Date	Principal Amount to be Redeemed
2008	\$595,000
2009	595,000
2010	600,000
2011	<u>595,000</u>
	\$2,385,000

On November 1, 2000, the School District issued \$3,245,000 in voted general obligation bonds which included capital appreciation bonds (deep discount bonds) to pay the local share of the school construction under the State of Ohio Classroom Facilities Assistance Program. Because of the deep discount associated with the issuance of the capital appreciation bonds, the School District records the annual accretion of the discount interest in the General Long-Term Obligations Account Group. The bonds were issued for a twenty-three year period with a final maturity at December 1, 2023. The liability for the bonds is recorded in the General Long-Term Obligations Account Group with annual principal and interest requirements retired from the debt service fund. Principal outstanding at June 30, 2001 amounted to \$3,256,777 including current year accretion of \$11,777.

The 2000 bond issue consists of serial, term, and capital appreciation bonds. The term bonds that mature December 1, 2015 through December 1, 2022 are subject to mandatory sinking fund redemption. The mandatory sinking fund redemption is to occur on December 1, 2015 through December 1, 2022 as follows:

Date	Principal Amount to be Redeemed
2015	\$170,000
2016	180,000
2017	190,000
2018	200,000
2019	210,000
2020	220,000
2021	235,000
2022	<u>250,000</u>
	\$1,655,000

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

The capital appreciation bonds for the 2000 issue mature December 1, 2011 through December 1, 2014. These bonds were purchased at a substantial discount at the time of issuance. At maturity all compounded interest is paid and the bond holder receives the face value of the bond. As the value of the bond increases, the accretion is reflected as principal liability. The maturity amount of the bonds is \$680,000. For fiscal year 2001, \$11,777 was accreted for a total bond liability of \$296,776 and the principal amount to be redeemed on December 1 each year is as follows:

Date	Principal Amount to be Redeemed
2011	\$170,000
2012	170,000
2013	170,000
2014	<u>170,000</u>
	\$680,000

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

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

Annual requirements to retire general obligation debt, including loans outstanding at June 30, 2001, including interest in the amount of \$7,598,599 and accreted interest of \$395,000, are as follows:

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

15. LONG-TERM OBLIGATIONS (Continued)

Fiscal year Ending June 30,	Bonds	Loans	Total
2002	1,091,142	120,027	1,211,169
2003	1,114,703	120,027	1,234,730
2004	1,103,713	120,027	1,223,740
2005	1,081,875	38,651	1,120,526
2006	1,103,669	18,787	1,122,456
2007-2011	5,500,755	0	5,500,755
2012-2016	5,861,967	0	5,861,967
2017-2021	2,140,345	0	2,140,345
2022-2023	<u>526,160</u>	<u>0</u>	<u>526,160</u>
Total	19,524,329	417,519	19,941,848
Interest	<u>(6,592,312)</u>	<u>(45,581)</u>	<u>(6,637,893)</u>
Total	<u>\$12,932,017</u>	<u>\$371,938</u>	<u>\$13,303,955</u>

The School District's voted legal debt margin was \$4,275,606 with an unvoted debt margin of \$176,132 at June 30, 2001.

16. INTERFUND ACTIVITY

As of June 30, 2001, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Interfund Receivable	Interfund Payable
General Fund	\$17,000	\$0
Enterprise Fund:		
Uniform School Supplies	<u>0</u>	<u>17,000</u>
Total All Funds	<u>\$17,000</u>	<u>\$17,000</u>

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

17. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and special enterprise services. The table below reflects the more significant financial data relating to the enterprise funds of the Steubenville City School District as of and for the fiscal year ended June 30, 2001.

	Food Service Fund	Uniform School Supplies Fund	Special Enterprise Fund	Total Enterprise Funds
Operating Revenues	\$143,872	\$0	\$50,860	\$194,732
Depreciation Expense	33,509	0	0	33,509
Operating Income (Loss)	(456,455)	(271)	25,550	(431,176)
Donated Commodities	27,718	0	0	27,718
Operating Grants	388,973	0	0	388,973
Interest	8,727	0	0	8,727
Net Income (Loss)	(31,037)	(271)	25,550	(5,758)
Fixed Assets Additions	20,076	0	0	20,076
Net Working Capital	168,196	(9,651)	53,118	211,663
Total Assets	428,067	7,349	54,851	490,267
Total Equity	392,684	(9,651)	53,118	436,151
Encumbrances Outstanding at June 30, 2001	\$33,777	\$0	\$250	\$34,027

18. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid Eastern Regional Education Service Agency - The School District is a participant in the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA was created as a regional council of governments pursuant to state statutes. OME-RESA provides financial accounting services, educational management information system services, cooperative purchase services, in service services, and legal services to member districts.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

18. JOINTLY GOVERNED ORGANIZATIONS (Continued)

Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by member districts. Each district has one vote in all matters. Each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Board of Education office services as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the District's continued participation. The School District paid OME-RESA \$27,414 for services provided during the year. Financial information can be obtained the Director, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

Jefferson County Joint Vocational School - The Jefferson County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the five participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write to the Jefferson County Joint Vocational School, Treasurer, at 1509 County Highway 22A, Bloomingdale, Ohio 43910.

19. INSURANCE PURCHASING POOL

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

20. CONTINGENCIES

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the General Fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2001.

B. Litigation

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

21. SET-ASIDE CALCULATIONS

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 fiscal 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. Effective April 10, 2001, Amended Substitute Senate Bill 345, the requirement for a school district to establish and appropriate money for the budget stabilization was deleted from law. A school district may still establish reserve balance accounts consistent with Section 5705.13, Ohio Revised Code, if it so chooses; however, the requirement is no longer mandatory. In addition, any money on hand in a school district's budget reserve set-aside as of April 10, 2001, may at the discretion of the board be returned to the district's general fund or may be left in the account and used by the board to offset any budget deficit the district may experience in future years. The bill placed special conditions on any Bureau of Workers Compensation monies remaining in the budget reserve set-aside.

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbooks/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 2000	\$200,026	\$89,625	\$156,606
Current Year Set-aside Requirement	0	263,840	263,840
Reduction in Budget Reserve Based on Statutory Revision	(114,530)	0	0
Qualifying Disbursements	0	(270,473)	(317,842)
Set-aside Reserve Balance as of June 30, 2001	<u>\$85,496</u>	<u>\$82,992</u>	<u>\$102,604</u>

The total reserve balance for the three set-asides at the end of the fiscal year was \$271,092.

22. CONTRACTUAL COMMITMENTS

As of June 30, 2001, the School District had contractual purchase commitments for the completion of construction of the new middle school as follows:

**STEUBENVILLE CITY SCHOOL DISTRICT
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2001
(Continued)**

22. CONTRACTUAL COMMITMENTS (Continued)

Contractor	Contract Amount	Amount Expended	Balance at 6/30/01
Architectural Vision Group	\$710,785	\$127,432	\$583,353
Davison Electric Company, Inc.	777,777	40,220	737,557
Grae-Con Construction, Inc.	5,236,000	939,415	4,296,585
Prout Boiler Heating and Welding, Inc.	148,950	0	148,950
Rizzi Distributors, Inc.	156,856	0	156,856
RSV Incorporated	471,000	357,152	113,848
Tiffin Scenci Studios, Inc.	29,850	0	29,850
W.G. Tomko and Sons, Inc.	436,000	22,800	413,200
Waller-Duman, Inc.	237,000	0	237,000
York Mahoning, Inc.	1,720,000	38,025	1,681,975
Total	<u>\$9,924,218</u>	<u>\$1,525,044</u>	<u>\$8,399,174</u>

23. STATE SCHOOL FUNDING 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 10, 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 consideration. As of the date of these financial statements, the School District is unable to determine what effect, if any, this decision and the reconsideration will have on its future State funding and on its financial operations.

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03-PU-99	10.550		\$31,167		\$29,132
National School Lunch Program	04-PU-99	10.555	272,725		272,725	
National School Breakfast Program	05-PU-99	10.553	68,957		68,957	
Child Care Food Program		10.558	8,725		8,725	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>350,407</u>	<u>31,167</u>	<u>350,407</u>	<u>29,132</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States	6B-SF-99	84.027			11,002	
Title VI-B Flow Through	6B-SF-00		213,306		179,731	
			<u>213,306</u>		<u>190,733</u>	
Special Education - Preschool Grant	PG-S1-99	84.173	25,767		18,705	
	PG-S1-00		2,088		9,114	
			<u>27,855</u>		<u>27,819</u>	
Total Special Education Cluster			<u>482,322</u>		<u>437,104</u>	
Goals 2000 Grant	G2-SV-00	84.276	30,000		22,348	
	G2-S4-99				2,226	
	G2-S8-00		24,000		11,213	
	G2-S2-99		<u>28,125</u>		<u>49,527</u>	
Total Goals 2000 Grant			<u>82,125</u>		<u>85,314</u>	
Learn and Serve America Grant	SV-S2-99	84.004			4,491	
	SV-S1-99				5,895	
Total Learn and Serve America					<u>10,386</u>	
Raising the Bar Grant	TF-32-00	84.318	100,000		100,000	
	TF-33-00		62,500		62,500	
	TF-34-00		<u>62,500</u>			
Total Raising The Bar Grant			<u>225,000</u>		<u>162,500</u>	
Class Size Reduction Grant	CR-S1-00	84.340	130,431		107,914	
	CR-S1-99				99,129	
			<u>130,431</u>		<u>207,043</u>	
State Improvement Grant Subsidy	ST-S1-99	84.323	80,326		55,961	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-99	84.010	106,916		241,406	
	C1-S1-99C		104,103		101,881	
	C1-S1-00		<u>915,459</u>		<u>852,401</u>	
Total Title I			<u>1,126,478</u>		<u>1,195,688</u>	
Even Start	EV-S1-99	84.213			45,931	
	EV-S4-99P		17,761		17,761	
	EV-S1-00		<u>91,269</u>		<u>66,585</u>	
			109,030		130,277	
Innovative Educational Program Strategies	C2-S1-98C	84.298			440	
	C2-S1-99		(2,543)		1,032	
	C2-S1-99C		6,081		5,867	
	C2-S1-00		<u>25,138</u>		<u>20,145</u>	
Total Innovative Educational Programs			<u>28,676</u>		<u>27,484</u>	

(Continued)

STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2001
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Drug-Free Schools Grant	DR-S1-99 DR-S1-00	84.186	1,334 11,072		8,381 7,018	
Total Drug Free School Grant			<u>12,406</u>		<u>15,399</u>	
Impact Aid		84.041	8,695			
Title II - Dwight D. Eisenhower Program	MS-S1-97C MS-S1-99 MS-S1-00	84.281			28 10,914 1,799	
Total Title II			<u>10,694</u>		<u>12,741</u>	
Adult Basic Education	AB-S1-98C AB-S1-99 AB-S1-99C AB-S1-00	84.002	7,150 10,873 14,207		2,534 21,937 7,770 49,191	
Total Adult Basic Education			<u>32,230</u>		<u>81,432</u>	
Vocational Education Basic Grants to States	FY 99 FY 00	84.048	4,500 15,000		5,056 9,720	
			<u>19,500</u>		<u>14,776</u>	
Total U.S. Department of Education			<u>2,106,752</u>		<u>2,217,553</u>	
U.S. Department of Health and Human Services						
<i>Passed Through Ohio Department of Education:</i>						
Child Care and Development Block Grant	DC-S1-95 DC-S1-98 DC-S1-00	93.575			552 462 5,179	
Total Child Care Development Block Grant					<u>6,193</u>	
Total U.S. Department of Health and Human Services					<u>6,193</u>	
Total Federal Assistance			<u>\$2,457,159</u>	<u>\$31,167</u>	<u>\$2,567,960</u>	<u>\$29,132</u>

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

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2001**

A. SIGNIFICANT ACCOUNTING POLICIES

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

B. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had no significant food commodities in inventory.

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STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

To the Board of Education:

We have audited the financial statements of Steubenville City School District as of and for the year ended June 30, 2001, and have issued our report thereon dated December 10, 2001, which reflects a change in accounting principles. 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 Steubenville City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Steubenville City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. 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 management of the District in a separate letter dated December 10, 2001.

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

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

Jim Petro
Auditor of State

December 10, 2001



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

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

To the Board of Education:

Compliance

We have audited the compliance of Steubenville City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Steubenville City 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 Steubenville City School District's management. Our responsibility is to express an opinion on Steubenville City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 Steubenville City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Steubenville City School District's compliance with those requirements.

In our opinion, Steubenville City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2001.

Internal Control Over Compliance

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

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

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

Jim Petro
Auditor of State

December 10, 2001

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001**

1. SUMMARY OF AUDITOR'S RESULTS
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(d)(1)(i)	Type of Financial Statement Opinion.	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	No
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list): Food Distribution Program National School Lunch Program National School Breakfast Program Child Care Food Program Title I	CFDA# 10.550 10.555 10.553 10.558 84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	Yes

STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

SCHEDULE OF FINDINGS
OMB CIRCULAR A-133 § .505
JUNE 30, 2001
(Continued)

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

<i>Finding Number</i>	
NONE	

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

<i>Finding Number</i>	
NONE	

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

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

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer Valid</u> ; <i>Explain:</i>
OO-11241-001	Ohio Revised Code § 5705.39, Special Revenue expenditures exceeded appropriations	Yes	



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STEUBENVILLE CITY SCHOOL DISTRICT

JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 17, 2002**