

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

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OFFICE OF THE AUDITOR

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REPORT OF INDEPENDENT ACCOUNTANTS

Steubenville City School District
Jefferson County
P.O. Box 189
932 North 5th 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, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Government's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In accordance with *Government Auditing Standards*, we have also issued our report dated December 13, 1999 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.

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 13, 1999

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS:				
Assets:				
Equity in Pooled Cash and Cash Equivalents	\$2,256,418	\$1,297,387	\$435,082	\$318,203
Common Stock	0	0	0	0
Receivables:				
Taxes	4,109,539	0	970,067	0
Accounts	434	0	0	0
Intergovernmental	31,291	4,500	0	0
Interest	0	0	0	0
Interfund	199,500	0	0	0
Due from Other Funds	5,585	0	0	0
Prepaid Items	2,012	17	0	0
Inventory Held for Resale	0	0	0	0
Materials and Supplies Inventory	24,286	0	0	0
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	418,139	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from General Government Resources	0	0	0	0
Total Assets and Other Debits	<u>\$7,049,758</u>	<u>\$1,301,904</u>	<u>\$1,405,149</u>	<u>\$318,203</u>

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Totals (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$208,695	\$1,739,959	\$274,552	\$0	\$0	\$6,530,296
0	0	50,836	0	0	50,836
0	0	0	0	0	5,079,606
0	0	0	0	0	434
4,322	0	0	0	0	40,113
0	7,859	0	0	0	10,413
0	0	0	0	0	199,500
0	0	0	0	0	5,585
435	0	0	0	0	2,464
10,478	0	0	0	0	10,478
1,649	0	0	0	0	25,935
0	0	0	0	0	418,139
271,294	0	0	21,620,918	0	21,892,212
0	0	0	0	435,082	435,082
0	0	0	0	11,653,639	11,653,639
<u>\$496,873</u>	<u>\$1,747,818</u>	<u>\$325,388</u>	<u>\$21,620,918</u>	<u>\$12,088,721</u>	<u>\$46,354,732</u>

(continued)

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts Payable	\$42,249	\$35,995	\$0	\$179,780
Accrued Wages and and Benefits Payable	1,453,528	274,072	0	0
Compensated Absences Payable	0	0	0	0
Interfund Payable	0	182,500	0	0
Due to Other Funds	0	4,794	0	0
Intergovernmental Payable	45,129	8,130	0	0
Deferred Revenue	3,062,379	0	753,350	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Claims Payable	0	0	0	0
Energy Conservation Notes Payable	0	0	0	0
General Obligation Bonds Payable	0	0	0	0
Total Liabilities	<u>4,603,285</u>	<u>505,491</u>	<u>753,350</u>	<u>179,780</u>
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Contributed Capital	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	283,689	335,636	0	54,818
Reserved for Inventory	24,286	0	0	0
Reserved for Property Taxes	1,047,160	0	216,717	0
Reserved for Textbooks	82,938	0	0	0
Reserved for Capital Improvements	125,852	0	0	0
Reserved for Budget Stabilization	159,785	0	0	0
Reserved for Bus Purchase	49,564	0	0	0
Designated	32,692	0	0	0
Unreserved, Undesignated	640,507	460,777	435,082	83,605
Total Fund Equity and Other Credits	<u>2,446,473</u>	<u>796,413</u>	<u>651,799</u>	<u>138,423</u>
Total Liabilities, Equity and Other Credits	<u>\$7,049,758</u>	<u>\$1,301,904</u>	<u>\$1,405,149</u>	<u>\$318,203</u>

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

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$9,061	\$0	\$0	\$0	\$0	\$267,085
0	0	0	0	0	1,727,600
6,432	0	0	0	1,393,434	1,399,866
17,000	0	0	0	0	199,500
791	0	0	0	0	5,585
7,495	0	0	0	116,609	177,363
3,251	0	0	0	0	3,818,980
0	0	24	0	0	24
0	0	30,588	0	0	30,588
0	320,011	0	0	0	320,011
0	0	0	0	562,973	562,973
0	0	0	0	10,015,705	10,015,705
<u>44,030</u>	<u>320,011</u>	<u>30,612</u>	<u>0</u>	<u>12,088,721</u>	<u>18,525,280</u>
0	0	0	21,620,918	0	21,620,918
94,000	0	0	0	0	94,000
358,843	1,427,807	0	0	0	1,786,650
0	0	0	0	0	674,143
0	0	0	0	0	24,286
0	0	0	0	0	1,263,877
0	0	0	0	0	82,938
0	0	0	0	0	125,852
0	0	0	0	0	159,785
0	0	0	0	0	49,564
0	0	0	0	0	32,692
0	0	294,776	0	0	1,914,747
<u>452,843</u>	<u>1,427,807</u>	<u>294,776</u>	<u>21,620,918</u>	<u>0</u>	<u>27,829,452</u>
<u>\$496,873</u>	<u>\$1,747,818</u>	<u>\$325,388</u>	<u>\$21,620,918</u>	<u>\$12,088,721</u>	<u>\$46,354,732</u>

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

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
Revenues:						
Property and Other Taxes	\$3,268,165	\$0	\$813,473	\$0	\$0	\$4,081,638
Intergovernmental	9,369,045	3,419,859	89,537	371,971	0	13,250,412
Interest	230,113	12,933	45,483	0	2,956	291,485
Tuition and Fees	58,710	37,244	0	0	0	95,954
Rent	13,558	0	0	0	0	13,558
Extracurricular Activities	0	198,153	0	0	0	198,153
Customer Services	0	35,400	0	0	0	35,400
Gifts and Donations	1,650	18,368	0	0	28,168	48,186
Miscellaneous	78,401	89,250	14,570	0	78	182,299
Total Revenues	13,019,642	3,811,207	963,063	371,971	31,202	18,197,085
Expenditures:						
Current:						
Instruction:						
Regular	5,306,338	985,638	0	0	0	6,291,976
Special	1,744,971	1,133,760	0	0	0	2,878,731
Vocational	665,360	8,412	0	0	0	673,772
Adult/Continuing	0	36,296	0	0	0	36,296
Other	96,975	0	0	0	0	96,975
Support Services:						
Pupils	582,092	107,895	0	0	0	689,987
Instructional Staff	153,160	381,829	0	0	0	534,989
Board of Education	19,459	0	0	0	0	19,459
Administration	1,152,895	202,355	0	0	0	1,355,250
Fiscal	220,881	24,911	17,561	0	0	263,353
Business	179,016	11,020	0	0	0	190,036
Operation and Maintenance of Plant	1,483,063	15,914	0	0	0	1,498,977
Pupil Transportation	264,742	6,560	0	0	0	271,302
Central	6,095	13,180	0	0	0	19,275
Non-Instructional Services	15	392,256	0	0	17,300	409,571
Extracurricular Activities	171,665	211,638	0	0	0	383,303
Capital Outlay	15,660	12,887	0	431,666	0	460,213
Debt Service:						
Principal	0	0	10,192,305	0	0	10,192,305
Interest and Fiscal Charges	0	0	484,165	0	0	484,165
Total Expenditures	12,062,387	3,544,551	10,694,031	431,666	17,300	26,749,935
Excess of Revenues Over (Under) Expenditures	957,255	266,656	(9,730,968)	(59,695)	13,902	(8,552,850)
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	5,061	0	0	9,105	0	14,166
Increase in Fair Value of Investment	0	0	0	0	(265)	(265)
Proceeds from Sale of Bonds	0	0	9,790,362	0	0	9,790,362
Operating Transfers In	0	0	120,027	50,000	0	170,027
Operating Transfers Out	(170,027)	0	0	0	0	(170,027)
Total Other Financing Sources (Uses)	(164,966)	0	9,910,389	59,105	(265)	9,804,263
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	792,289	266,656	179,421	(590)	13,637	1,251,413
Fund Balances at Beginning of Year	1,643,918	529,757	472,378	139,013	54,406	2,839,472
Increase in Reserve for Inventory	10,266	0	0	0	0	10,266
Fund Balances at End of Year	\$2,446,473	\$796,413	\$651,799	\$138,423	\$68,043	\$4,101,151

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	General		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
Revenues:			
Property and Other Taxes	\$3,270,317	\$3,270,317	\$0
Intergovernmental	9,368,291	9,368,291	0
Interest	230,120	228,889	(1,231)
Tuition and Fees	146,324	145,712	(612)
Rent	13,798	13,858	60
Extracurricular Activities	0	0	0
Customer Services	0	0	0
Gifts and Donations	1,650	1,650	0
Miscellaneous	73,740	81,132	7,392
Total Revenues	13,104,240	13,109,849	5,609
Expenditures:			
Current:			
Instruction:			
Regular	5,607,661	5,325,424	282,237
Special	1,810,307	1,744,886	65,421
Vocational	680,958	666,518	14,440
Adult/Continuing	0	0	0
Other	86,444	86,444	0
Support Services:			
Pupils	608,189	568,458	39,731
Instructional Staff	193,196	145,504	47,692
Board of Education	52,626	22,041	30,585
Administration	1,177,360	1,133,195	44,165
Fiscal	247,266	222,534	24,732
Business	207,126	204,614	2,512
Operation and Maintenance of Plant	1,792,609	1,597,214	195,395
Pupil Transportation	334,211	283,681	50,530
Central	14,656	6,095	8,561
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	191,254	176,498	14,756
Capital Outlay	119,628	32,348	87,280
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	13,123,491	12,215,454	908,037
Excess of Revenues Over (Under) Expenditures	(19,251)	894,395	913,646
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	5,061	5,061	0
Proceeds from Sale of Bonds	0	0	0
Advances In	0	129,802	129,802
Advances Out	(815,356)	(199,500)	615,856
Operating Transfers In	3,936	0	(3,936)
Operating Transfers Out	(220,000)	(170,027)	49,973
Total Other Financing Sources (Uses)	(1,026,359)	(234,664)	791,695
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,045,610)	659,731	1,705,341
Fund Balances at Beginning of Year	1,370,537	1,370,537	0
Prior Year Encumbrances Appropriated	318,781	318,781	0
Fund Balances at End of Year	\$643,708	\$2,349,049	\$1,705,341

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$813,918	\$813,918	\$0
3,785,922	3,415,359	(370,563)	89,537	89,537	0
12,873	12,932	59	45,888	45,483	(405)
36,256	37,244	988	0	0	0
0	0	0	0	0	0
198,153	198,153	0	0	0	0
42,200	35,400	(6,800)	0	0	0
18,368	18,368	0	0	0	0
87,755	90,976	3,221	14,570	14,570	0
<u>4,181,527</u>	<u>3,808,432</u>	<u>(373,095)</u>	<u>963,913</u>	<u>963,508</u>	<u>(405)</u>
1,460,807	1,205,549	255,258	0	0	0
1,446,224	1,150,746	295,478	0	0	0
17,882	17,882	0	0	0	0
45,371	37,018	8,353	0	0	0
0	0	0	0	0	0
178,877	123,990	54,887	0	0	0
537,906	418,513	119,393	0	0	0
0	0	0	0	0	0
240,383	206,534	33,849	0	0	0
33,975	24,453	9,522	21,000	17,561	3,439
11,021	11,021	0	0	0	0
19,101	16,350	2,751	0	0	0
15,025	11,560	3,465	0	0	0
15,399	15,180	219	0	0	0
512,322	473,845	38,477	0	0	0
278,728	233,297	45,431	0	0	0
84,312	12,887	71,425	0	0	0
0	0	0	538,405	10,192,305	(9,653,900)
0	0	0	417,458	484,165	(66,707)
<u>4,897,333</u>	<u>3,958,825</u>	<u>938,508</u>	<u>976,863</u>	<u>10,694,031</u>	<u>(9,717,168)</u>
<u>(715,806)</u>	<u>(150,393)</u>	<u>565,413</u>	<u>(12,950)</u>	<u>(9,730,523)</u>	<u>(9,717,573)</u>
0	0	0	0	0	0
0	0	0	0	9,790,362	9,790,362
0	182,500	182,500	0	0	0
0	(57,040)	(57,040)	0	0	0
263	0	(263)	120,027	120,027	0
0	0	0	0	0	0
<u>263</u>	<u>125,460</u>	<u>125,197</u>	<u>120,027</u>	<u>9,910,389</u>	<u>9,790,362</u>
(715,543)	(24,933)	690,610	107,077	179,866	72,789
722,903	722,903	0	255,216	255,216	0
<u>227,224</u>	<u>227,224</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
<u>\$234,584</u>	<u>\$925,194</u>	<u>\$690,610</u>	<u>\$362,293</u>	<u>\$435,082</u>	<u>\$72,789</u>

(continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)**

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:			
Property and Other Taxes	\$0	\$0	\$0
Intergovernmental	371,972	371,971	(1)
Interest	0	0	0
Tuition and Fees	0	0	0
Rent	0	0	0
Extracurricular Activities	0	0	0
Customer Services	0	0	0
Gifts and Donations	0	0	0
Miscellaneous	0	0	0
Total Revenues	371,972	371,971	(1)
Expenditures:			
Current:			
Instruction:			
Regular	354,062	303,416	50,646
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Other	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	0	0	0
Board of Education	0	0	0
Administration	0	0	0
Fiscal	0	0	0
Business	0	0	0
Operation and Maintenance of Plant	0	0	0
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Capital Outlay	233,945	198,317	35,628
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
Total Expenditures	588,007	501,733	86,274
Excess of Revenues Over (Under) Expenditures	(216,035)	(129,762)	86,273
Other Financing Sources (Uses):			
Proceeds from Sale of Fixed Assets	9,105	9,105	0
Proceeds from Sale of Bonds	0	0	0
Advances In	0	0	0
Advances Out	0	(72,762)	(72,762)
Operating Transfers In	50,000	50,000	0
Operating Transfers Out	0	0	0
Total Other Financing Sources (Uses)	59,105	(13,657)	(72,762)
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(156,930)	(143,419)	13,511
Fund Balances at Beginning of Year	135,916	135,916	0
Prior Year Encumbrances Appropriated	91,108	91,108	0
Fund Balances at End of Year	\$70,094	\$83,605	\$13,511

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

Expendable Trust Funds			Totals (Memorandum Only)		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$4,084,235	\$4,084,235	\$0
0	0	0	13,815,722	13,245,158	(370,564)
4,290	2,956	(1,334)	293,171	290,260	(2,911)
0	0	0	182,580	182,956	376
0	0	0	13,798	13,858	60
0	0	0	198,153	198,153	0
0	0	0	42,200	35,400	(6,800)
20,835	28,168	7,333	40,853	48,186	7,333
78	78	0	176,143	186,756	10,613
<u>25,203</u>	<u>31,202</u>	<u>5,999</u>	<u>18,646,855</u>	<u>18,284,962</u>	<u>(361,893)</u>
0	0	0	7,422,530	6,834,389	588,141
0	0	0	3,256,531	2,895,632	360,899
0	0	0	698,840	684,400	14,440
0	0	0	45,371	37,018	8,353
0	0	0	86,444	86,444	0
0	0	0	787,066	692,448	94,618
0	0	0	731,102	564,017	167,085
0	0	0	52,626	22,041	30,585
0	0	0	1,417,743	1,339,729	78,014
0	0	0	302,241	264,548	37,693
0	0	0	218,147	215,635	2,512
0	0	0	1,811,710	1,613,564	198,146
0	0	0	349,236	295,241	53,995
0	0	0	30,055	21,275	8,780
42,344	41,950	394	554,666	515,795	38,871
0	0	0	469,982	409,795	60,187
0	0	0	437,885	243,552	194,333
0	0	0	538,405	10,192,305	(9,653,900)
0	0	0	417,458	484,165	(66,707)
<u>42,344</u>	<u>41,950</u>	<u>394</u>	<u>19,628,038</u>	<u>27,411,993</u>	<u>(7,783,955)</u>
<u>(17,141)</u>	<u>(10,748)</u>	<u>6,393</u>	<u>(981,183)</u>	<u>(9,127,031)</u>	<u>(8,145,848)</u>
0	0	0	14,166	14,166	0
0	0	0	0	9,790,362	9,790,362
0	0	0	0	312,302	312,302
0	0	0	(815,356)	(329,302)	486,054
0	0	0	174,226	170,027	(4,199)
0	0	0	(220,000)	(170,027)	49,973
<u>0</u>	<u>0</u>	<u>0</u>	<u>(846,964)</u>	<u>9,787,528</u>	<u>10,634,492</u>
(17,141)	(10,748)	6,393	(1,828,147)	660,497	2,488,644
52,232	52,232	0	2,536,804	2,536,804	0
54	54	0	637,167	637,167	0
<u>\$35,145</u>	<u>\$41,538</u>	<u>\$6,393</u>	<u>\$1,345,824</u>	<u>\$3,834,468</u>	<u>\$2,488,644</u>

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	Totals (Memorandum Only)
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non- -Expendable Trust</u>	
Operating Revenues:				
Sales	\$179,319	\$0	\$0	\$179,319
Charges for Services	10,519	2,043,791	0	2,054,310
Other	722	0	0	722
Interest	0	0	11,002	11,002
Contributions and Donations	0	0	7,165	7,165
Total Operating Revenues	<u>190,560</u>	<u>2,043,791</u>	<u>18,167</u>	<u>2,252,518</u>
Operating Expenses:				
Salaries	190,863	0	0	190,863
Fringe Benefits	52,233	1,213,259	0	1,265,492
Purchased Services	18,015	338,241	0	356,256
Materials and Supplies	146,506	0	175	146,681
Cost of Sales	238,404	0	0	238,404
Depreciation	33,629	0	0	33,629
Claims	0	48,725	0	48,725
Other	1,738	60	15,600	17,398
Total Operating Expenses	<u>681,388</u>	<u>1,600,285</u>	<u>15,775</u>	<u>2,297,448</u>
Operating Income (Loss)	<u>(490,828)</u>	<u>443,506</u>	<u>2,392</u>	<u>(44,930)</u>
Non-Operating Revenues:				
Federal Donated Commodities	23,301	0	0	23,301
Interest	2,896	4,615	0	7,511
Increase in Fair Value of Investment	0	0	1,166	1,166
Operating Grants	403,012	0	0	403,012
Total Non-Operating Revenues	<u>429,209</u>	<u>4,615</u>	<u>1,166</u>	<u>434,990</u>
Net Income (Loss)	<u>(61,619)</u>	<u>448,121</u>	<u>3,558</u>	<u>390,060</u>
Retained Earnings/Fund Balance				
at Beginning of Year	420,462	979,686	223,175	1,623,323
at End of Year	358,843	1,427,807	226,733	2,013,383
Contributed Capital at Beginning and End of Year	94,000	0	0	94,000
Total Fund Equity at End of Year	<u>\$452,843</u>	<u>\$1,427,807</u>	<u>\$226,733</u>	<u>\$2,107,383</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENSES, AND
CHANGES IN FUND EQUITY - BUDGET AND ACTUAL (BUDGET BASIS)
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<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	\$179,562	\$179,737	-\$175	\$0	\$0	\$0
Charges for Services	10,519	10,519	0	2,044,377	2,043,791	(586)
Other	722	722	0	0	0	0
Operating Grants	401,072	401,072	0	0	0	0
Interest	2,413	2,896	483	40	0	(40)
Advance In	0	17,000	17,000	0	0	0
Contributions and Donations	0	0	0	0	0	0
Total Revenues	<u>594,288</u>	<u>611,946</u>	<u>17,658</u>	<u>2,044,417</u>	<u>2,043,791</u>	<u>(\$66)</u>
Expenses:						
Salaries	185,918	185,918	0	0	0	0
Fringe Benefits	61,307	54,284	7,023	1,399,965	1,213,259	186,706
Purchased Services	25,829	25,407	422	402,600	392,516	10,084
Materials and Supplies	413,927	380,442	33,485	0	0	0
Other	1,575	1,305	270	135	60	75
Capital Outlay	23,472	11,882	11,590	0	0	0
Total Expenses	<u>712,028</u>	<u>659,238</u>	<u>52,790</u>	<u>1,802,700</u>	<u>1,605,835</u>	<u>196,865</u>
Excess of Revenues Over (Under) Expenses	<u>(117,740)</u>	<u>(47,292)</u>	<u>70,448</u>	<u>241,717</u>	<u>437,956</u>	<u>196,239</u>
Fund Equity at Beginning of Year	191,558	191,558	0	1,195,127	1,195,127	0
Prior Year Encumbrances Appropriated	<u>37,871</u>	<u>37,871</u>	<u>0</u>	<u>52,601</u>	<u>52,601</u>	<u>0</u>
Fund Equity at End of Year	<u>\$111,689</u>	<u>\$182,137</u>	<u>\$70,448</u>	<u>\$1,489,445</u>	<u>\$1,685,684</u>	<u>\$196,239</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)
\$0	\$0	\$0	\$179,562	\$179,737	\$175
0	0	0	2,054,896	2,054,310	(586)
0	0	0	722	722	0
0	0	0	401,072	401,072	0
11,242	11,002	(240)	13,695	13,898	203
0	0	0	0	17,000	17,000
7,065	7,165	100	7,065	7,165	100
<u>18,307</u>	<u>18,167</u>	<u>(140)</u>	<u>2,657,012</u>	<u>2,673,904</u>	<u>16,892</u>
0	0	0	185,918	185,918	0
0	0	0	1,461,272	1,267,543	193,729
0	0	0	428,429	417,923	10,506
175	175	0	414,102	380,617	33,485
31,100	31,100	0	32,810	32,465	345
0	0	0	23,472	11,882	11,590
<u>31,275</u>	<u>31,275</u>	<u>0</u>	<u>2,546,003</u>	<u>2,296,348</u>	<u>249,655</u>
(12,968)	(13,108)	(140)	111,009	377,556	266,547
217,776	217,776	0	1,604,461	1,604,461	0
0	0	0	90,472	90,472	0
<u>\$204,808</u>	<u>\$204,668</u>	<u>(\$140)</u>	<u>\$1,805,942</u>	<u>\$2,072,489</u>	<u>\$266,547</u>

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	<u>(Memorandum Only)</u>
Increase (Decrease) in Cash and Cash Equivalents:				
Cash Flows from Operating Activities:				
Cash Received from Customers	\$190,256	\$0	\$0	\$190,256
Cash Received from Quasi-External Transactions with Other Funds	0	2,043,791	0	2,043,791
Cash Received from Donations	0	0	7,165	7,165
Cash Received from Other Sources	722	0	0	722
Cash Payments to Suppliers for Goods and Services	(380,595)	(338,301)	0	(718,896)
Cash Payments to Employees for Services	(185,918)	0	0	(185,918)
Cash Payments for Employee Benefits	(54,284)	0	0	(54,284)
Cash Payments for Scholarships	0	0	(15,775)	(15,775)
Cash Payments for Claims and Judgments	0	(1,213,259)	0	(1,213,259)
Net Cash Provided by (Used for) Operating Activities	<u>(429,819)</u>	<u>492,231</u>	<u>(8,610)</u>	<u>53,802</u>
Cash Flows from Noncapital Financing Activities:				
Advances In	17,000	0	0	17,000
Operating Grants Received	401,072	0	0	401,072
Net Cash Provided by Noncapital Financing Activities	<u>418,072</u>	<u>0</u>	<u>0</u>	<u>418,072</u>
Cash Flows from Investing Activities:				
Interest on Investments	2,896	0	11,002	13,898
Cash Flows from Capital and Related Financing Activities:				
Payments for Capital Acquisitions	(11,882)	0	0	(11,882)
Net Increase (Decrease) in Cash and Cash Equivalents	(20,733)	492,231	2,392	473,890
Cash and Cash Equivalents at Beginning of Year	<u>229,428</u>	<u>1,247,728</u>	<u>187,002</u>	<u>1,664,158</u>
Cash and Cash Equivalents at End of Year	<u>\$208,695</u>	<u>1,739,959</u>	<u>189,394</u>	<u>2,138,048</u>

(Continued)

COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 1999
(Continued)

	<u>Proprietary</u>	<u>Fund Types</u>	<u>Fiduciary</u>	<u>Totals</u>
	<u>Enterprise</u>	<u>Internal</u>	<u>Fund Type</u>	<u>(Memorandum</u>
		<u>Service</u>	<u>Non-Expendable</u>	<u>Only)</u>
			<u>Trust</u>	
Reconciliation of Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Operating Income (Loss)	(\$490,828)	\$443,506	\$2,392	(\$44,930)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used for) Operating Activities:				
Depreciation	33,629	0	0	33,629
Donated Commodities Used During Year	23,301	0	0	23,301
Interest	0	0	(11,002)	(11,002)
Changes in Assets and Liabilities:				
Decrease in Accounts Receivable	418	0	0	418
Decrease in Prepaid Items	434	0	0	434
Decrease in Inventory Held for Resale	1,637	0	0	1,637
Decrease in Materials and Supplies Inventory	103	0	0	103
Increase in Accrued Wages	23	0	0	23
Increase in Compensated Absences Payable	4,945	0	0	4,945
Increase in Due to Other Funds	314	0	0	314
Decrease in Intergovernmental Payable	(2,365)	0	0	(2,365)
Increase/(Decrease) in Claims Payable	0	48,725	0	48,725
Decrease in Deferred Revenue	(1,430)	0	0	(1,430)
Total Adjustments	<u>61,009</u>	<u>48,725</u>	<u>(11,002)</u>	<u>98,732</u>
Net Cash Provided by (Used for) Operating Activities	<u>(\$429,819)</u>	<u>\$492,231</u>	<u>(\$8,610)</u>	<u>\$53,802</u>

Reconciliation of Non-Expendable Trust Funds Cash and Cash Equivalents to Balance Sheet:

Cash and Cash Equivalents - All Fiduciary Funds	\$274,552
Cash and Cash Equivalents - Expendable and Agency Funds	(86,159)
Cash and Cash Equivalents - Non-Expendable Trust Funds	<u>\$188,393</u>

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

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

1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY

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

The School District was established in 1838. The School District serves an area of approximately 8.56 square miles in the City of Steubenville. It is located in Jefferson County on the Ohio River, thirty-seven miles west of Pittsburgh, Pennsylvania. It is staffed by 92 non-certificated employees, 205 certificated full-time teaching personnel and 12 administrative employees who provide services to 2,732 students and other community members. The School District currently operates 6 elementary schools, 1 middle school and 1 high school for instruction, and 1 administrative building.

Reporting Entity:

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

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

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

The following activities are included within the reporting entity:

Parochial Schools

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

The School District is associated with the Ohio Mid-Eastern Regional Education Services Agency, the Jefferson County Joint Vocational School, and the Ohio School Boards Association Workers Compensation Group Rating Plan, which are defined as jointly governed organizations and an insurance purchasing pool. These organizations are presented in Notes 17 and 18 to the general purpose financial statements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Debt Service Fund

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

Capital Projects Funds

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

2. Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Fund

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

3. Fiduciary Fund Types:

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

4. Account Groups:

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fixed Assets Account Group

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

General Long-Term Obligations Account Group

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

B. Measurement Focus and Basis of Accounting

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

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

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

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

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: taxpayer-assessed income taxes, interest, tuition, grants, and student fees.

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

C. Budgetary Process

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

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

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

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.

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 1999. At year-end,

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

the School District requested and received an amended certificate of estimated resources that reflected actual revenue for the fiscal year.

Appropriations:

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

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

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.

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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

During fiscal year 1999, investments were limited to STAR Ohio, repurchase agreements, and nonnegotiable certificates of deposit. The School District has donated stock. The account is presented the combined balance sheet as "investments in common stock" since they are not required to be deposited into the District treasury. See Note 5, Deposits and investments.

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

The School District has invested funds in the State Treasury Asset Reserve of Ohio (STAROhio) during fiscal year 1999. 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, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 1999 amounted to \$230,113, which includes \$140,033 assigned from other School District funds.

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

E. Inventory

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

F. Prepaid Items

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

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and 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

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

estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not have any infrastructure.

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

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

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and amounts required by statute to be set-aside by the School District to create a reserve for budget stabilization. See Note 20 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

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

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

Entitlements

General Fund

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

Non-Reimbursable Grants

Special Revenue Funds

- Able Jobs Grant
- Adult Basic Education
- Auxiliary Services
- Disadvantaged Pupil Impact Aid
- Drug Free Schools
- Educational Management Information System
- Eisenhower Funds
- Even Start Program
- Goals 2000 Grant
- Impact Aid
- Learn and Serve America Grants
- Professional Development Grant

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

- Parent Involvement/Partnership 2000 Grant
- Parent Mentor Grant
- Public School Preschool
- Carl Perkins Vocational Grant
- Preschool Handicapped Grant
- School Age Child Care
- School Maintenance and Operational Assistance
- Title I
- Title VI-B Fund
- Title VI Innovative Education
- Venture Capital Grant

- Capital Projects Funds
 - School Net
 - School Net Plus
 - Technology Equity

- Reimbursable Grants
 - General Fund
 - Driver Education

- Proprietary Funds
 - National School Lunch Program
 - National School Breakfast Program
 - Government Donated Commodities

Grants and entitlements amounted to approximately sixty-five percent of the School District's operating revenue during the 1999 fiscal year.

J. Interfund Assets/Liabilities

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

K. Compensated Absences

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

L. Accrued Liabilities and Long-Term Obligations

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

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

M. Interfund Transactions

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

N. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable 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 have been established for encumbrances, inventories of supplies and materials, property taxes, budget stabilization, textbook purchases, capital acquisition, school bus purchases, unclaimed monies and endowments.

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. Under Ohio law, unclaimed money must be held for five years before it becomes available for appropriation. Money not yet held for the five year period is presented as reserved. The reserve for endowments signifies the legal restrictions on the use of principal.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Contributed Capital

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

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

P. Total Columns on General Purpose Financial Statements

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

Q. Estimates

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

3. ACCOUNTABILITY

At June 30, 1999, the DPIA Special Revenue Fund and the Uniform School Supplies Enterprise Fund funds had deficit fund balances in the amount of \$12,192 and \$8,809, respectively. The deficits were created by the application of generally accepted accounting principles. The General Fund provides transfers to cover deficit balances; however, this is done when cash is needed rather than when accruals occur.

4. 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:

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	\$792,289	\$266,656	\$179,421	(\$590)	\$13,637
Revenue Accruals	90,207	(2,775)	445	0	265
Expenditure Accruals	172,145	(42,081)	0	164,531	0
Advances-In	129,802	182,500	0	0	0
Advances-Out	(199,500)	(57,040)	0	(72,762)	0
Encumbrances	(325,212)	(372,193)	0	(234,598)	(24,650)
Budget Basis	<u>\$659,731</u>	<u>(\$24,933)</u>	<u>\$179,866</u>	<u>(\$143,419)</u>	<u>(\$10,748)</u>

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

4. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

	Enterprise	Internal Service	Nonexpendable Trust
GAAP Basis	(\$61,619)	\$448,121	\$3,558
Revenue Accrual:	(1,522)	(4,615)	(1,167)
Expense Accrual:	(8,222)	48,725	0
Depreciation Expense	33,629	0	0
Advances-In	17,000	0	0
Encumbrances	(26,558)	(54,275)	(15,499)
Budget Basis	<u>(\$47,292)</u>	<u>\$437,956</u>	<u>(\$13,108)</u>

5. 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.

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;

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

5. DEPOSITS AND INVESTMENTS (Continued)

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; and, [delete if treasurer has not attended necessary training program].

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

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

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

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

5. DEPOSITS AND INVESTMENTS (Continued)

Deposits At year end the carrying amount of the School District's deposits was \$827,092 and the bank balance was \$939,069. Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$939,069 was uninsured and uncollateralized. Although all statutory requirements for the deposit of money had been followed, non compliance with federal requirements could potentially subject the County to a successful claim by the FDIC.

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

	Category 2	Category 3	Carrying Value	Market Value
Stock	\$49,835	\$0	\$50,836	\$50,836
Repurchase Agreement	0	0	3,329,433	3,329,433
	\$49,835	\$0	\$3,379,269	\$3,379,269
STAR Ohio			2,791,910	2,791,910
Totals			<u>\$6,172,179</u>	<u>\$6,172,179</u>

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

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

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$6,948,435	\$50,836
Investments:		
Repurchase Agreement	(3,329,433)	3,329,433
STAR Ohio	(2,791,910)	2,791,910
Total GASB Statement 3	<u>\$827,092</u>	<u>\$6,171,179</u>

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

6. 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 1999 for real and public utility property taxes represents collections of calendar 1998 taxes. Property tax payments received during calendar 1999 for tangible personal property (other than public utility property) is for calendar 1999 taxes.

1999 real property taxes are levied after April 1, 1999, on the assessed value as of January 1, 1999, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 1999 public utility property taxes became a lien December 31, 1998, are levied after April 1, 1999 and are collected in 2000 with real property taxes.

1999 tangible personal property taxes are levied after April 1, 1998, on the value as of December 31, 1998. Collections are made in 1999. Tangible personal property assessments are twenty-five percent of true value.

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

Tangible personal property taxes paid by multi-county taxpayers are due September 20. Single county taxpayers may pay annually or semiannually. If paid annually, payment is due April 30; if paid semiannually, the first payment is due April 30, with the remainder payable by September 20.

The School District receives property taxes from Jefferson County. The County Auditor periodically advances to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

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

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

6. PROPERTY TAXES (Continued)

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

	1999 First- First Collections		1999 Second- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential and Other Real Estate	\$164,262,330	80.75%	\$169,160,460	80.68%
Public Utility	16,069,710	7.90%	15,865,830	7.57%
Tangible Personal Property	23,090,132	11.35%	24,626,079	11.75%
Total Assessed Value	\$203,422,172	100.00%	\$209,652,369	100.00%
Tax rate per \$1,000 of assessed valuation	\$34.70		\$34.70	

7. RECEIVABLES

Receivables at June 30, 1999, 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 principle items of intergovernmental receivables follows:

	Amounts
General Fund	
Driver Education, Excess Cost, Misc.	\$31,291
Special Revenue Funds:	
Carl Perkins Grant	4,500
Enterprise Fund	
Food Service Subsidy, State and Federal	4,322
Total Intergovernmental Receivables	\$40,113

8. FIXED ASSETS

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

Furniture and Equipment, Vehicle	\$503,843
Less Accumulated Depreciation	(232,549)
Net Fixed Assets	\$271,294

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

8. FIXED ASSETS (Continued)

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

Asset Category	Balance at 6/30/98	Additions	Deletions	Balance at 6/30/98
Land and Improvements	\$1,361,979	\$76,312	\$0	\$4,388,291
Buildings and Improvements	17,292,002	0	0	17,292,002
Furniture, Fixtures and Equipment	2,223,097	201,445	0	2,424,542
Vehicles	398,061	68,022	0	466,083
Totals	\$21,275,139	\$345,779	\$0	\$21,620,918

9. 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 1999, the School District contracted with Utica Mutual Insurance for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Nationwide Insurance are as follows:

Building and Contents-replacement cost (\$1,000)	\$47,296,040
Inland Marine Coverage (\$250 deductible)	118,500
Boiler and Machinery (\$250 deductible)	No limit
Crime Insurance	10,000
Automobile Liability (\$250 deductible)	1,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	1,000,000
Total per year	5,000,000

For fiscal year 1999, the School District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 20). The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate.

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.

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

9. RISK MANAGEMENT (Continued)

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 \$320,011 reported in the internal service fund at June 30, 1999, is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. The estimate was not affected by the increased claims adjustment expenses and does not include other allocated or unallocated claim adjustment expenses. A summary of the funds' claims liability in 1998 and 1999 is as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1998	\$355,148	\$1,277,931	\$1,211,793	\$271,286
1999	\$271,286	\$1,261,984	\$1,213,259	\$320,011

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 1999, 7.7 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1998, 9.02 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$122,835, \$145,110 and \$139,847, respectively; 36.9 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$77,515 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

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

For the fiscal year ended June 30, 1999, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. For fiscal year 1998, the portion used to fund pension obligations was 10.5 percent. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$442,352, \$937,944 and \$908,532, respectively; 80.93 percent has been contributed for fiscal year 1999 and 100 percent for fiscal years 1998 and 1997. \$84,367 represents the unpaid contribution for fiscal year 1999 and is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, four of five members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

11. POSTEMPLOYMENT BENEFITS

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase from 3.5 percent for fiscal year 1998. For the School District, this amount equaled \$589,803 for fiscal year 1999.

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

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

11. POSTEMPLOYMENT BENEFITS

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

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 1999 fiscal year equaled \$127,613.

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

12. EMPLOYEE BENEFITS

A. Compensated Absences

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

B. Life Insurance

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

13. LONG-TERM OBLIGATIONS

The changes in the School District's long-term obligations during fiscal year 1999 were as follows:

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

13. LONG-TERM OBLIGATIONS (Continued)

	Principal Outstanding 6/30/98	Additions	Deductions	Principal Outstanding 6/30/99
High School Addition and Improvements 5.95, Series A	\$860,000	\$0	\$20,000	\$840,000
High School Addition and Improvements 5.95, Series B	8,643,616	0	8,643,616	0
1998 Refunding Bonds - Variable Interest	0	9,605,705	430,000	9,175,705
Energy Conservation Loans	651,378	0	88,405	562,973
Total Long-Term Bonds and Loans	10,154,994	9,605,705	9,182,021	10,578,678
Pension Obligation	97,070	116,609	97,070	116,609
Compensated Absences	1,308,193	1,393,434	1,308,193	1,393,434
Total General Long-Term Obligations	\$11,560,257	\$11,115,748	\$10,587,284	\$12,088,721

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

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

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

On September 30, 1998, the School District issued \$9,790,362 in general obligation, which included capital appreciation bonds (deep discount bonds). The refunding bonds replaced \$8,643,616 of outstanding 1993 Series B School Improvement General Obligation Bonds. The bonds were sold at a premium of \$1,147,427 which included the premium for the deep discount on the capital appreciation 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 will be retired from the debt service fund. \$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, 1999, the \$9,557,437 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

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

13. LONG-TERM OBLIGATIONS (Continued)

account group. The School District has decreased its total debt service payments by \$850,792 as a result of the advance refunding. The School District also incurred an economic gain (difference between the present values of the old and new debt service payments) of \$469,179. The 1998 bonds will be paid from property taxes.

The School District's voted legal debt margin was \$18,307,995 with an unvoted debt margin of \$203,422 at June 30, 1999.

Principal and interest requirements to retire general obligation debt, including notes outstanding at June 30, 1999, are as follows:

Fiscal year Ending June 30,	Bonds	Notes	Total
2000	\$848,006	\$120,027	\$968,033
2001	846,113	120,027	966,140
2002	838,239	120,027	958,266
2003	864,770	120,026	984,796
2004	853,993	120,027	974,020
2005-2018	<u>10,958,924</u>	<u>59,063</u>	<u>11,027,987</u>
Total	<u>15,220,045</u>	<u>659,197</u>	<u>15,879,242</u>
Interest	<u>(5,252,608)</u>	<u>(96,224)</u>	<u>(5,348,832)</u>
Total Principal	<u>\$9,967,437</u>	<u>\$562,973</u>	<u>\$10,530,410</u>

14. INTERFUND ACTIVITY

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivables Interfund	Payables Interfund
General Fund	\$199,500	\$0
Special Revenue Fund:		
Goals 2000	0	25,000
Raising the Bar	0	150,000
Preschool Handicapped	0	3,000
Carl Perkins	0	4,500
Total Special Revenue	<u>0</u>	<u>182,500</u>
Enterprise Fund:		
Uniform School Supplies	0	17,000
Total Enterprise Funds	<u>0</u>	<u>17,000</u>
Total Interfund	<u>\$199,500</u>	<u>\$199,500</u>

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

14. INTERFUND ACTIVITY (Continued)

Fund Type/Fund	<u>Receivables</u> Due From	<u>Payables</u> Due To
General Fund	<u>\$5,585</u>	<u>\$0</u>
Special Revenue Fund:		
Auxiliary Services	0	303
Preschool	0	1,093
DPIA	0	447
Adult Education	0	282
Title VI-B	0	722
Title I	0	1,273
Even Start	0	76
Preschool Handicapped	0	264
School Age Children	0	134
Goals 2000	<u>0</u>	<u>200</u>
Total Special Revenue	<u>0</u>	<u>4,794</u>
Enterprise Funds:		
Food Service	<u>0</u>	<u>791</u>
Total Enterprise Funds	<u>0</u>	<u>791</u>
Total Due to/Due From	<u>\$5,585</u>	<u>\$5,585</u>

15. CONTRACTUAL COMMITMENTS

As of June 30, 1999, the District had no material contractual commitments outstanding.

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains three enterprise funds to account for the operations of food service, uniform school supplies and the high school banquet 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, 1999.

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

16. SEGMENT INFORMATION FOR ENTERPRISE FUNDS (Continued)

	Food Service	Uniform School Supplies	High School Banquet	Total Enterprise Funds
Operating Revenues	\$146,048	\$33,271	\$11,241	\$190,560
Depreciation Expense	33,629	0	0	33,629
Operating Income (Loss)	(473,020)	(18,431)	623	(490,828)
Donated Commodities	23,301	0	0	23,301
Operating Grants	403,012	0	0	403,012
Interest	2,896	0	0	2,896
Net Income (Loss)	(43,811)	(18,431)	623	(61,619)
Fixed Assets Additions	11,882	0	0	11,882
Net Working Capital	186,465	(8,809)	3,893	181,549
Total Assets	484,784	8,191	3,898	496,873
Total Equity	457,759	(8,809)	3,893	452,843
Encumbrances Outstanding at June 30, 1999	26,558	0	0	26,558

17. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid Eastern Regional Education Service Agency - The School District is a participant in the Ohio Mid Eastern Regional Educational Service Agency (OME-RESA) which is a computer consortium. OME-RESA is an association of public school districts within the boundaries of Belmont, Carroll, Columbiana, Coshocton, Guernsey, Harrison, Holmes, Jefferson, Muskingum, Noble and Tuscarawas Counties. OME-RESA was created as a regional council of governments pursuant to state statutes. OME-RESA provides financial accounting services, educational management information system services, cooperative purchase services, in service services, and legal services to member districts. Each member district pays an annual fee for services provided by OME-RESA. OME-RESA is governed by a board of directors which is selected by member districts. Each district has one vote in all matters. Each member district's control over budgeting and financing of OME-RESA is limited to its voting authority and any representation it may have on the board of directors. The Jefferson County Board of Education office services as the fiscal agent and receives funding from the State Department of Education. The continued existence of OME-RESA is not dependent on the District's continued participation. The School District paid OME-RESA \$15,189 for services provided during the year. Financial information can be obtained the Director, 2023 Sunset Boulevard, Steubenville, Ohio 43952.

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

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

18. 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.

19. 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, 1999.

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.

20. SET-ASIDE CALCULATIONS AND FUND RESERVES

The School District is required by State statute to annually set aside an amount based on prior year revenues for the purchase of textbooks and other instructional materials and an additional amount for capital improvements. Amounts not spent by year-end or offset by similarly restricted resources must be held in cash at year-end and carried forward to be used for the same purposes in future years. The School District is also required to set aside money for the budget stabilization. The School District also receives State grant monies for bus purchases. Amounts remaining at year-end are also reported as restricted assets with a corresponding reserve of fund balance.

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

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

20. SET-ASIDE CALCULATIONS AND FUND RESERVES (Continued)

	Textbooks	Capital Acquisition	Budget Stabilization	Totals
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$85,496	
Current Year Set-aside Requirement	148,579	148,579	74,289	
Current Year Offsets	(32,692)	0	0	
Qualifying Disbursements	<u>(32,949)</u>	<u>(22,727)</u>	<u>0</u>	
Total	<u>\$82,938</u>	<u>\$125,852</u>	<u>\$159,785</u>	
Cash Balance Carried Forward to FY 1999	<u>\$82,938</u>	<u>\$125,852</u>	<u>\$159,785</u>	368,575
Amount restricted for Bus Purchases				<u>49,564</u>
Total Restricted Assets				<u>\$418,139</u>

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

21. STATE SCHOOL FUNDING DECISION

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 1999, the School District received \$9,343,445 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 1999, the School District had received no monies under this program. See Subsequent Event Note for information regarding this program.

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

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

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

22. YEAR 2000

The Year 2000 issue is a result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the government's operations as early as fiscal year 1999.

The Steubenville City School District has evaluated its operational systems and software. The District has developed a plan to become Year 2000 compliant and is currently compliant. Based on information currently available, the District expects that it will not incur any costs and expenses to become Year 2000 compliant.

The financial reporting and payroll systems are handled by an external organization (OME-RESA). OME-RESA is responsible for remediating these systems. OME-RESA reports that it has tested, validated, and remediated the Year 2000 issue. Further, the State processed a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Jefferson County collects property taxes for distribution to the District. Jefferson County is responsible for remediating its tax collection system.

In addition, the District's internal desktop computers are currently considered to be Year 2000 compliant.

The District has made arrangements with its financial institution to have available cash to meet payroll and other obligations.

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the Year 2000 and thereafter. Management cannot assure that the School District is or will be successful in whole or in part, or that parties with whom the School District does business will be Year 2000 ready.

23. SUBSEQUENT EVENT

In November 1999, the voters of the School District passed a 2.1 mill bond retirement levy which will enable the School District to receive \$8,344,885 in state funding for the construction of a new middle school. The 23 year levy will be collected beginning in February 1999 and will generate \$4,993,000 over the life of the levy.

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

Federal Program	CFDA #	Pass-through Agency Awarding Number
U.S. DEPARTMENT OF AGRICULTURE		
Passed through Ohio Department of Education:		
Nutrition Cluster:		
Food Distribution	10.550	N/A
School Breakfast Program	10.553	N/A
National School Lunch Program	10.555	N/A
Child and Adult Care Food Program	10.558	N/A
Total U.S. Department of Agriculture		
U.S. DEPARTMENT OF EDUCATION		
Direct Program:		
Impact Aid	84.041	4508892701
<i>Passed through Ohio Department of Education:</i>		
Adult Education State Grant Program	84.002	044826-ABS-198 044826-ABS-198C 044826-ABS-199
Total Adult Education State Grant Program		
Title I - Grants to Local Education Agencies	84.010	044826-CIS-198 044826-CIS-198C 044826-CIS-199
Total Title I - Grants to Local Education Agencies		
Even Start State Educational Agencies	84.213	044826-EVS-197C 044826-EVS-198 044826-EVS-199
Total Even Start State Educational Agencies		
Innovative Education Program Strategies	84.298	044826-C2S-197C 044826-C2S-198 044826-C2S-198C 044826-C2S-199
Total Innovative Education Program Strategies		
Eisenhower Professional Development State Grants	84.281	044826-MSS-197C 044826-MSS-198 044826-MSS-199
Total Eisenhower Professional Development State Grants		

Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
\$0	\$21,871	\$0	\$21,871
76,202	0	76,202	0
293,185	0	293,185	0
4,866	0	147	0
<hr/>	<hr/>	<hr/>	<hr/>
374,253	21,871	369,534	21,871
16,699	0	1,200	0
(8,458)	0	15,410	0
22,378	0	19,844	0
23,820	0	46,587	0
<hr/>	<hr/>	<hr/>	<hr/>
37,740	0	81,841	0
32,844	0	253,295	0
104,841	0	104,841	0
908,864	0	774,374	0
<hr/>	<hr/>	<hr/>	<hr/>
1,046,549	0	1,132,510	0
0	0	1,000	0
48,677	0	59,612	0
109,522	0	63,594	0
<hr/>	<hr/>	<hr/>	<hr/>
158,199	0	124,206	0
0	0	317	0
(559)	0	4,738	0
559	0	119	0
20,064	0	16,490	0
<hr/>	<hr/>	<hr/>	<hr/>
20,064	0	21,664	0
\$0	\$0	\$3,314	\$0
0	0	17,250	0
19,846	0	8,931	0
<hr/>	<hr/>	<hr/>	<hr/>
19,846	0	29,495	0

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

Federal Program	CFDA #	Pass-through Agency Awarding Number
Special Education Cluster: Special Education Preschool Grant	84.173	044826-PGS-198 044826-PGS-199
Special Education Grants to States	84.027	044826-BSF-198 044826-BSF-199
Total Special Education Cluster		
Child Care and Development Block Grant	93.575	0448226-DCS-199
Safe and Drug Free School and Communities State Grant	84.186	044826-DRS-198 044826-DRS-199
Total Safe and Drug Free School and Communities State Grant		
Employment Services and Job Training Pilot	17.249	STW-1998-103006
Learn and Serve America School and Community Based	94.004	044826-SVS-298 044826-SVS-299
Total Learn and Serve America School and Community Based		
Goals 2000 State and Local Education Parent Involvement	84.276	048826-G2S-297C 048826-G2S-298 048826-G2S-299 048826-G2S-200
A Systems Building Link		044826-G2S-298 044826-G2S-298C
Total Goals 2000 State and Local Education		
Technology Literacy Challenge Fund Grant	84.318	44826-99
Passed through Jefferson County Joint Vocational School District: Vocational Education Basic Grants to States		FY 98 FY 99
Total Vocational Education Basic Grants to States		
Total U.S. Department of Education		
Total Federal Financial Assistance		

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

Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
0	0	12,682	0
25,000	0	18,771	0
0	0	29,535	0
<u>178,568</u>	<u>0</u>	<u>168,568</u>	<u>0</u>
203,568	0	229,556	0
15,073	0	15,073	0
0	0	8,997	0
<u>11,332</u>	<u>0</u>	<u>4,285</u>	<u>0</u>
11,332	0	13,282	0
51,943	0	5,438	0
0	0	1,265	0
<u>29,957</u>	<u>0</u>	<u>19,572</u>	<u>0</u>
29,957	0	20,837	0
0	0	5,390	0
0	0	9,811	0
24,000	0	21,774	0
33,750	0	0	0
105,483	0	99,305	0
<u>69,517</u>	<u>0</u>	<u>56,476</u>	<u>0</u>
232,750	0	192,756	0
150,000	0	57,876	0
\$0	\$0	\$6,224	\$0
<u>10,500</u>	<u>0</u>	<u>9,944</u>	<u>0</u>
10,500	0	16,168	0
2,004,220	0	1,941,902	0
<u>\$2,378,473</u>	<u>\$21,871</u>	<u>\$2,311,436</u>	<u>\$21,871</u>

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had not significant food commodities in inventory.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Government Center
242 Federal Plaza West, Suite 302
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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
P.O. Box 189
932 North 5th Street
Steubenville, Ohio 43952

To the Board of Education:

We have audited the financial statements of Steubenville City School District, Jefferson County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 13, 1999. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the 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*. However, we noted certain immaterial instances of noncompliance which we have reported to management of the District in a separate letter dated December 13, 1999.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the 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 one matter 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 13, 1999.

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.

A handwritten signature in black ink, appearing to read "Jim Petro", is written over a large, stylized "X" mark.

Jim Petro
Auditor of State

December 13, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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**REPORT OF INDEPENDENT ACCOUNTANT 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
P.O. Box 189
932 North 5th Street
Steubenville, Ohio 43952

To the Board of Education:

Compliance

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

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

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

Internal Control Over Compliance

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

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

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



Jim Petro
Auditor of State

December 13, 1999

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY
7/1/98 THROUGH 6/30/99**

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

1. SUMMARY OF AUDITOR'S RESULTS

(d)(1)(i)	Type of Financial Statement Opinion.	UNQUALIFIED
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	NO
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	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): NUTRITION CLUSTER TITLE I	CFDA#10.550,10.553,10.555, 10.556, 10.558 CFDA#84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	YES

**STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY
JULY 1, 1998 THROUGH JUNE 30, 1999**

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

**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	



STATE OF OHIO
OFFICE OF THE AUDITOR

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STEUBENVILLE CITY SCHOOL DISTRICT
JEFFERSON COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

By: _____

Clerk of the Bureau

Date: **JAN 13 2000**