

ZANESVILLE CITY  
SCHOOL DISTRICT

ANNUAL REPORT

YEAR ENDED JUNE 30, 1999

**WOLFE, WILSON & PHILLIPS, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

**ZANESVILLE CITY  
SCHOOL DISTRICT**

**ANNUAL REPORT**

**YEAR ENDED JUNE 30, 1999**

ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY

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ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY

ELECTED OFFICIALS  
AS OF JUNE 30, 1999

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Ann Hoffer	President	1/1/98-12/31/01
Jennifer Stewart	Vice President	1/1/98-12/31/01
Ward Coffman III	Member	1/1/96-12/31/99
Mary Lou Ellis	Member	1/1/96-12/31/99
Janice McFerren	Member	1/1/96-12/31/99

Legal Counsel

Thomas R. Bopely, City Law Director  
2806 Bell Street  
P.O. Box 2687  
Zanesville, Ohio 43701

Official Address

Zanesville City Schools Board of Education  
Administration Center  
160 N. Fourth Street  
Zanesville, Ohio 43701

ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY

ADMINISTRATIVE PERSONNEL  
AS OF JUNE 30, 1999

<u>TITLE/ NAME</u>	<u>TERM OF OFFICE OR CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Superintendent</u> Michael F. Pockl	2/1/96-7/31/99	(A)	\$20,000	1/1/99-12/31/99
<u>Assistant Superintendent</u> Terry Martin	3/23/98-7/31/01	(A)	\$20,000	1/1/99-12/31/99
<u>Treasurer</u> John Ramshaw	1/11/96-6/30/98	(A)	\$50,000	7/1/98-1/15/00

(A) The Cincinnati Insurance Company

**ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY  
INDEX OF FUNDS**

**GOVERNMENTAL FUND TYPE:**

**General Fund Type:**

General Fund

**Special Revenue Fund Type:**

Public School Support Fund

Peer Pressure Fund

Venture Capital Grant Fund

Athletic Fund

Textbook Subsidy

Local Professional Development Block Grant Fund

Pregnancy Prevention Fund

Management Information System Fund

Ohio School Net

Disadvantaged Pupil Impact Aid Fund

Library Automation

Eisenhower Math and Science Grant Fund

Child/Adult Care Food Program Fund

Title I Fund - Special Education Needs of Disadvantaged Children

Title VI-B Fund - Special Education: Assistance to States for Handicapped Children

Title VI Fund - Consolidation of Federal Programs for Elementary and Secondary Education

School Age Child Care Grant Fund

Drug Free Schools Fund

Child Day Care Grant Fund

GOALS 2000 Grant Fund

Auxilliary Services - Non Public School Fund

**Debt Service Fund Types:**

Energy Conservation Bond Retirement Fund

**Capital Projects Fund Types:**

Permanent Improvement Fund

Emergency Building Repair Fund

Schoolnet Plus Fund

Technology Equity

**PROPRIETARY FUND TYPE:**

**Enterprise Fund Type:**

Food Service Fund

Uniform School Supplies Fund

Latchkey/Muskingum Girls Softball Fund

**Internal Service Fund Type:**

Internal Services Rotary Fund

**FIDUCIARY FUND TYPE:**

**Expendable Trust Funds**

Special Trust Fund

**Agency Funds**

Student Managed Activity



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
Telephone 614-466-4514  
800-282-0370  
Facsimile 614-466-4490

Board of Education  
Zanesville City School District

We have reviewed the independent auditor's report of the Zanesville City School District, Muskingum County, prepared by Wolfe, Wilson, & Phillips, Inc., Certified Public Accountants, for the audit period July 1, 1998 through June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Zanesville City School District is responsible for compliance with these laws and regulations.

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

JIM PETRO  
Auditor of State

January 11, 2000

# WOLFE, WILSON, & PHILLIPS, INC.

## CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

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### INDEPENDENT AUDITORS' REPORT

Board Of Education  
Zanesville City School District  
160 North Fourth Street  
Zanesville, Ohio 43701

We have audited the accompanying general-purpose financial statements of the Zanesville City School District as of and for the year ended June 30, 1999. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in and *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.

Generally accepted accounting principles require that fixed assets for governmental operations be reported in the general fixed assets account group, and fund fixed assets and their associated depreciation costs be reported with the enterprise funds of the District. No fixed assets have been included in the general purpose financial statements. A determination of the effects of this departure from generally accepted accounting principles on the general purpose financial statements has not been made.

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

In accordance with *Government Auditing Standards*, we have also issued a report dated December 15, 1999, on our consideration of the Zanesville City School District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants.

Our audit was made for the purpose of forming an opinion on the 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. The Statement of Changes in Assets and Liabilities - Agency Fund is also presented for purposes of additional analysis and is not a required part of the 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 presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

*Wolfe, Wilson, & Phillips, Inc.*

Zanesville, Ohio  
December 15, 1999

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Brad Wolfe, J.D., M.B.A., CPA  
Joseph W. Wilson, M.B.A., CPA, CMA  
Kenneth B. Phillips, CPA

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1999**

*Governmental*  
*Fund Types*

	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<b>Assets and Other Debits:</b>				
<b>Assets:</b>				
Cash and Cash Equivalents	\$1,194,476	\$630,213	\$0	\$246,800
Investments	719,015	235,602	0	95,383
Receivables (net of allowance for doubtful accounts):				
Taxes	7,740,688	0	8,207	0
Accounts	6,332	7,265	0	0
Intergovernmental	104,163	0	0	0
Interest	2,916	0	0	0
Due from Other Funds	56,750	0	0	0
Inventory of Supplies at Cost	2,379	0	0	0
Prepaid Items	58,256	3,898	0	0
Restricted Assets:				
Cash and Cash Equivalents	470,886	0	0	0
Other Debits:				
Amount to be Provided for General Long-Term Obligations	0	0	0	0
<b>Total Assets and Other Debits</b>	<b>\$10,355,861</b>	<b>\$876,978</b>	<b>\$8,207</b>	<b>\$342,183</b>
<b>Liabilities, Equity and Other Credits:</b>				
<b>Liabilities:</b>				
Accounts Payable	\$46,468	\$43,720	\$0	\$97,159
Accrued Wages and Benefits	2,841,663	332,113	0	0
Intergovernmental Payables	596,718	106,815	0	0
Due to Other Funds	0	21,550	0	35,000
Due to Students	0	0	0	0
Deferred Revenue	1,003	0	0	0
Deferred Revenue - Taxes	7,740,688	0	8,207	0
General Obligation Bond Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Lease	0	0	0	0
<b>Total Liabilities</b>	<b>11,226,540</b>	<b>504,198</b>	<b>8,207</b>	<b>132,159</b>
<b>Equity and Other Credits:</b>				
<b>Retained Earnings:</b>				
Unreserved	0	0	0	0
<b>Fund Balances:</b>				
Reserved for Encumbrances	353,810	151,697	0	190,211
Statutory Reserves	470,886	0	0	0
Reserved for Supplies Inventory	2,379	0	0	0
Reserved for Prepaid Items	58,256	3,898	0	0
Unreserved:				
Undesignated	(1,756,010)	217,185	0	19,813
<b>Total Equity and Other Credits</b>	<b>(870,679)</b>	<b>372,780</b>	<b>0</b>	<b>210,024</b>
<b>Total Liabilities, Equity and Other Credits</b>	<b>\$10,355,861</b>	<b>\$876,978</b>	<b>\$8,207</b>	<b>\$342,183</b>

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINED BALANCE SHEET**  
**ALL FUND TYPES AND ACCOUNT GROUPS**  
**JUNE 30, 1999**

<i>Proprietary Fund Types</i>	<i>Fiduciary Fund Types</i>	<i>Account Groups</i>	Totals (Memorandum Only)
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Long-Term Obligations
\$217,012	\$66,317	\$62,976	\$0
0	0	0	0
0	0	0	0
261	0	0	0
40,241	0	0	0
0	0	0	0
0	0	0	0
21,293	0	0	0
17	0	0	0
0	0	0	0
0	0	0	4,120,013
<u>\$278,824</u>	<u>\$66,317</u>	<u>\$62,976</u>	<u>\$4,120,013</u>
\$8,812	\$10,117	\$56	\$0
102,485	2,953	0	0
76,545	4,148	743	187,102
0	200	0	0
0	0	44,533	0
13,160	0	0	0
0	0	0	0
0	0	0	558,000
74,521	0	0	3,330,139
0	0	0	44,772
<u>275,523</u>	<u>17,418</u>	<u>45,332</u>	<u>4,120,013</u>
3,301	48,899	0	0
0	0	4	0
0	0	0	0
0	0	0	0
0	0	0	0
0	0	17,640	0
<u>3,301</u>	<u>48,899</u>	<u>17,644</u>	<u>0</u>
<u>\$278,824</u>	<u>\$66,317</u>	<u>\$62,976</u>	<u>\$4,120,013</u>

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

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expensible Trust Fund	
<b>Revenues:</b>						
<b>Local Sources:</b>						
Taxes	\$8,528,876	\$0	\$127,759	\$0	\$0	\$8,656,635
Tuition	87,733	6,539	0	0	18,602	112,874
Investment Earnings	223,029	5,938	0	0	0	228,967
Extracurricular Activities	0	186,526	0	0	0	186,526
Class Material and Fees	19,715	0	0	0	0	19,715
Intermediate Sources	5,535	0	0	0	0	5,535
Intergovernmental - State	15,211,144	1,692,942	0	204,039	0	17,108,125
Intergovernmental - Federal	2,380	2,136,241	0	457,273	0	2,595,894
All Other Revenues	76,175	58,238	0	66,443	17,153	218,009
Total Revenues	<u>24,154,587</u>	<u>4,086,424</u>	<u>127,759</u>	<u>727,755</u>	<u>35,755</u>	<u>29,132,280</u>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	14,764,370	2,461,361	0	363,242	35,090	17,624,063
<b>Supporting Services:</b>						
Pupils	932,454	239,196	0	0	0	1,171,650
Instructional Staff	984,051	638,655	0	0	0	1,622,706
Board of Education	12,122	75,856	0	0	0	87,978
Administration	2,175,357	171,861	0	0	0	2,347,218
Fiscal Services	501,910	0	0	0	0	501,910
Operation and Maintenance of Plant	2,536,391	38,751	0	0	0	2,575,142
Pupil Transportation	804,860	2,399	0	0	0	807,259
Central	305,180	19,957	0	0	0	325,137
Community Services	81,957	439,988	0	0	0	521,945
Extracurricular Activities	274,346	209,695	0	0	0	484,041
Other Expenditures	0	61,563	0	0	0	61,563
Capital Outlay	11,461	0	0	469,427	0	480,888
<b>Debt Service:</b>						
Principal Retirements	0	0	93,000	0	0	93,000
Interest and Fiscal Charges	0	0	34,759	0	0	34,759
Total Expenditures	<u>23,384,459</u>	<u>4,359,282</u>	<u>127,759</u>	<u>832,669</u>	<u>35,090</u>	<u>28,739,259</u>
<b>Excess (Deficiency) of</b>						
Revenues Over (Under) Expenditures	770,128	(272,858)	0	(104,914)	665	393,021
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	2,548	0	0	0	0	2,548
Operating Transfers In	0	30,000	0	0	0	30,000
Operating Transfers Out	(30,150)	(14,568)	0	0	0	(44,718)
Other Financing Sources - Capital Leases	11,461	0	0	0	0	11,461
Total Other Financing Sources (Uses)	<u>(16,141)</u>	<u>15,432</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>(709)</u>
<b>Excess (Deficiency) of Revenues</b>						
<b>and Other Financing Sources Over (Under)</b>						
Expenditures and Other Financing Uses	753,987	(257,426)	0	(104,914)	665	392,312
Fund Balance (Deficit) Beginning of Year	(1,624,666)	630,206	0	314,938	16,979	(662,543)
Fund Balance (Deficit) End of Year	<u>(\$870,679)</u>	<u>\$372,780</u>	<u>\$0</u>	<u>\$210,024</u>	<u>\$17,644</u>	<u>(\$270,231)</u>

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FISCAL YEAR ENDED JUNE 30, 1999**

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
<b>Revenues:</b>						
<b>Local Sources:</b>						
Taxes	\$7,998,072	\$8,528,876	\$530,804	\$0	\$0	\$0
Tuition	350,000	381,211	31,211	10,000	6,539	(3,461)
Investment Earnings	190,000	221,808	31,808	200	5,938	5,738
Extracurricular Activities	0	0	0	296,275	186,526	(109,749)
Class Material and Fees	20,000	19,715	(285)	0	0	0
<b>Intermediate Sources</b>	31,275	5,535	(25,740)	0	0	0
Intergovernmental - State	13,968,110	15,181,003	1,212,893	1,912,905	1,692,942	(219,963)
Intergovernmental - Federal	10,000	2,380	(7,620)	2,789,549	2,136,241	(653,308)
All Other Revenues	51,500	71,270	19,770	86,900	50,973	(35,927)
<b>Total Revenues</b>	<b>22,618,957</b>	<b>24,411,798</b>	<b>1,792,841</b>	<b>5,095,829</b>	<b>4,079,159</b>	<b>(1,016,670)</b>
<b>Expenditures:</b>						
<b>Current:</b>						
Instruction	14,780,636	14,659,305	121,331	3,541,304	2,478,762	1,062,542
<b>Supporting Services:</b>						
Pupils	926,540	918,152	8,388	267,701	234,223	33,478
Instructional Staff	981,775	976,343	5,432	826,076	641,696	184,380
Board of Education	14,020	13,034	986	75,856	75,856	0
Administration	2,179,533	2,161,543	17,990	231,346	172,899	58,447
Fiscal Services	504,550	497,542	7,008	1,700	0	1,700
Operation and Maintenance of Plant	2,681,848	2,674,068	7,780	57,173	38,958	18,215
Pupil Transportation	957,263	949,880	7,383	9,027	3,580	5,447
Central	329,232	321,309	7,923	28,075	20,257	7,818
Community Services	81,050	79,070	1,980	609,364	550,168	59,196
Extracurricular Activities	280,940	273,375	7,565	419,768	243,803	175,965
Other Expenditures	0	0	0	110,459	80,057	30,402
Capital Outlay	0	0	0	0	0	0
<b>Debt Service:</b>						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>23,717,387</b>	<b>23,523,621</b>	<b>193,766</b>	<b>6,177,849</b>	<b>4,540,259</b>	<b>1,637,590</b>
<b>Excess (Deficiency) of</b>						
<b>Revenues Over (Under) Expenditures</b>	<b>(1,098,430)</b>	<b>888,177</b>	<b>1,986,607</b>	<b>(1,082,020)</b>	<b>(461,100)</b>	<b>620,920</b>
<b>Other Financing Sources (Uses):</b>						
Proceeds from Sale of Fixed Assets	0	2,548	2,548	0	0	0
Operating Transfers In	0	0	0	29,000	30,000	1,000
Operating Transfers Out	(30,600)	(30,150)	450	0	(14,568)	(14,568)
Advances In	0	0	0	0	21,550	21,550
Advances Out	(61,675)	(56,750)	4,925	0	0	0
<b>Total Other Financing Sources (Uses)</b>	<b>(92,275)</b>	<b>(84,352)</b>	<b>7,923</b>	<b>29,000</b>	<b>36,982</b>	<b>7,982</b>
<b>Excess (Deficiency) of Revenues</b>						
<b>and Other Financing Sources Over (Under)</b>						
<b>Expenditures and Other Financing Uses</b>	<b>(1,190,705)</b>	<b>803,825</b>	<b>1,994,530</b>	<b>(1,053,020)</b>	<b>(424,118)</b>	<b>628,902</b>
Fund Balance at Beginning of Year	870,190	870,190	0	851,146	851,146	0
Prior Year Encumbrances	320,519	320,519	0	249,164	249,164	0
<b>Fund Balance at End of Year</b>	<b>\$4</b>	<b>\$1,994,534</b>	<b>\$1,994,530</b>	<b>\$47,290</b>	<b>\$676,192</b>	<b>\$628,902</b>

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)**  
**ALL GOVERNMENTAL FUND TYPES**  
**FISCAL YEAR ENDED JUNE 30, 1999**

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$127,759	\$127,759	\$0	\$0	\$0	\$0	\$8,125,831	\$8,656,635	\$530,804
0	0	0	0	0	0	360,000	387,750	27,750
0	0	0	0	0	0	190,200	227,746	37,546
0	0	0	0	0	0	296,275	186,526	(109,749)
0	0	0	0	0	0	20,000	19,715	(285)
0	0	0	0	0	0	31,275	5,535	(25,740)
0	0	0	0	204,039	204,039	15,881,015	17,077,984	1,196,969
0	0	0	726,619	457,273	(269,346)	3,526,168	2,595,894	(930,274)
0	0	0	30,000	66,443	36,443	168,400	188,686	20,286
127,759	127,759	0	756,619	727,755	(28,864)	28,599,164	29,346,471	747,307
0	0	0	574,207	564,449	9,758	18,896,147	17,702,516	1,193,631
0	0	0	0	0	0	1,194,241	1,152,375	41,866
0	0	0	0	0	0	1,807,851	1,618,039	189,812
0	0	0	0	0	0	89,876	88,890	986
0	0	0	0	0	0	2,410,879	2,334,442	76,437
0	0	0	0	0	0	506,250	497,542	8,708
0	0	0	0	0	0	2,739,021	2,713,026	25,995
0	0	0	0	0	0	966,290	953,460	12,830
0	0	0	0	0	0	357,307	341,566	15,741
0	0	0	0	0	0	690,414	629,238	61,176
0	0	0	0	0	0	700,708	517,178	183,530
0	0	0	0	0	0	110,459	80,057	30,402
0	0	0	744,211	712,102	32,109	744,211	712,102	32,109
93,000	93,000	0	0	0	0	93,000	93,000	0
34,759	34,759	0	0	0	0	34,759	34,759	0
127,759	127,759	0	1,318,418	1,276,551	41,867	31,341,413	29,468,190	1,873,223
0	0	0	(561,799)	(548,796)	13,003	(2,742,249)	(121,719)	2,620,530
0	0	0	0	0	0	0	2,548	2,548
0	0	0	0	0	0	29,000	30,000	1,000
0	0	0	0	0	0	(30,600)	(44,718)	(14,118)
0	0	0	0	35,000	35,000	0	56,550	56,550
0	0	0	0	0	0	(61,675)	(56,750)	4,925
0	0	0	0	35,000	35,000	(63,275)	(12,370)	50,905
0	0	0	(561,799)	(513,796)	48,003	(2,805,524)	(134,089)	2,671,435
0	0	0	100,220	100,220	0	1,821,556	1,821,556	0
0	0	0	480,668	480,668	0	1,050,351	1,050,351	0
\$0	\$0	\$0	\$19,089	\$67,092	\$48,003	\$66,383	\$2,737,818	\$2,671,435

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINED STATEMENT OF REVENUES, EXPENSES**  
**AND CHANGES IN RETAINED EARNINGS**  
**ALL PROPRIETARY FUND TYPES**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<i>Proprietary Fund Types</i>		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
<b>Operating Revenues:</b>			
Tuition and Fees	\$130,905	\$8,419	\$139,324
Sales	558,389	0	558,389
Total Operating Revenues	689,294	8,419	697,713
<b>Operating Expenses:</b>			
Salaries and Wages	652,137	14,464	666,601
Fringe Benefits	237,295	4,971	242,266
Contractual Services	21,828	908	22,736
Materials and Supplies	634,534	30,073	664,607
Other Operating Expenses	100	0	100
Total Operating Expenses	1,545,894	50,416	1,596,310
Operating Loss	(856,600)	(41,997)	(898,597)
<b>Non-Operating Revenues:</b>			
Operating Grants	822,037	70,388	892,425
Federally Donated Commodities	106,517	0	106,517
Investment Earnings	1,199	0	1,199
Miscellaneous	6,755	4,988	11,743
Total Non-Operating Revenues	936,508	75,376	1,011,884
Income Before Operating Transfers	79,908	33,379	113,287
<b>Operating Transfers:</b>			
Operating Transfers In	150	14,568	14,718
Total Operating Transfers	150	14,568	14,718
Net Income	80,058	47,947	128,005
Retained Earnings (Accumulated Deficit) at Beginning of Year	(76,757)	952	(75,805)
Retained Earnings at End of Year	\$3,301	\$48,899	\$52,200

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO  
COMBINED STATEMENT OF CASH FLOWS  
ALL PROPRIETARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	<i>Proprietary Fund Types</i>		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
<b><u>Cash Flows from Operating Activities:</u></b>			
Cash Received from Customers	\$542,235	\$4,988	\$547,223
Cash Received from Tuition and Fee Payments	130,905	8,419	139,324
Cash Payments for Goods and Services	(541,781)	(28,935)	(570,716)
Cash Payments to Employees for Services and Benefits	(881,173)	(4,263)	(885,436)
Net Cash Used by Operating Activities	<u>(749,814)</u>	<u>(19,791)</u>	<u>(769,605)</u>
<b><u>Cash Flows from Noncapital Financing Activities:</u></b>			
Operating Grants Received	822,037	70,388	892,425
Transfer In	150	14,768	14,918
Net Cash Provided by Noncapital Financing Activities	<u>822,187</u>	<u>85,156</u>	<u>907,343</u>
<b><u>Cash Flows from Investing Activities:</u></b>			
Receipts of Interest	1,199	0	1,199
Net Cash Provided by Investing Activities	<u>1,199</u>	<u>0</u>	<u>1,199</u>
Net Increase in Cash and Cash Equivalents	73,572	65,365	138,937
Cash and Cash Equivalents at Beginning of Year	143,440	952	144,392
Cash and Cash Equivalents at End of Year	<u>\$217,012</u>	<u>\$66,317</u>	<u>\$283,329</u>
<b><u>Reconciliation of Operating Loss to Net Cash</u></b>			
<b><u>Used by Operating Activities:</u></b>			
Operating Loss	(\$856,600)	(\$41,997)	(\$898,597)
<b>Adjustments to Reconcile Operating Loss to     Net Cash Used by Operating Activities:</b>			
Miscellaneous Non-operating Income	6,755	4,988	11,743
Donated Commodities Used During the Year	106,517	0	106,517
<b>Changes in Assets and Liabilities:</b>			
Decrease in Accounts Receivable	741	0	741
Increase in Intergovernmental Receivable	(23,650)	0	(23,650)
Increase in Inventory	(2,738)	0	(2,738)
Increase in Prepaid Items	(17)	0	(17)
Increase in Accounts Payable	6,128	10,117	16,245
Increase (Decrease) in Accrued Wages and Benefits	(8,051)	2,953	(5,098)
Increase in Intergovernmental Payables	14,509	4,148	18,657
Increase in Deferred Revenue	4,774	0	4,774
Increase in Compensated Absences	1,818	0	1,818
Total Adjustments	<u>106,786</u>	<u>22,206</u>	<u>128,992</u>
Net Cash Used by Operating Activities	<u>(\$749,814)</u>	<u>(\$19,791)</u>	<u>(\$769,605)</u>

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**  
**JUNE 30, 1999**

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 235 classified and approximately 374 certified teaching personnel and administrative employees providing education to 4,430 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "*The Financial Reporting Entity*," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on, the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity. Based on the foregoing, the reporting entity of the District includes the following services: instructional (regular, special education, vocational), student guidance, extracurricular activities, food service, pupil transportation and care and upkeep of grounds and buildings.

The accounting policies and financial reporting practices of the District conform to generally accepted accounting principles as applicable to governmental units. The following is a summary of its significant accounting policies.

**B. Basis of Presentation - Fund Accounting**

The accounting system is organized and operated on the basis of funds and account groups, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues and expenditures/expenses. The various funds are summarized by type in the general purpose financial statements.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting** (Continued)

The following fund types and account groups are used by the District:

**Governmental Funds** - These are funds through which most governmental functions typically are financed. The acquisition, use and balances of the District's expendable financial resources and the related current liabilities (except those accounted for in the proprietary funds) are accounted for through governmental funds. The measurement focus is upon determination of "financial flow" (sources, uses and balances of financial resources). The following are the District's governmental fund types:

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

**Special Revenue Funds** - These 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.

**Debt Service Fund** - This fund is used for the accumulation of resources for the payment of general long-term debt principal and interest.

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

**Proprietary Funds** - The proprietary funds are accounted for on an "economic resources" measurement focus. This measurement focus provides that all assets and all liabilities associated with the operation of the proprietary funds are included on the balance sheet. Fund equity (i.e., net assets) is segregated into contributed capital and retained earnings components. The proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

**Enterprise Funds** - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body 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.

**Internal Service Fund** - The internal service fund is used to account for the financing of goods or services provided by one department or agency to other departments or agencies of the District or to other governments on a cost-reimbursement basis.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**B. Basis of Presentation - Fund Accounting (Continued)**

*Fiduciary Funds*

Trust and Agency Funds - These funds are used to account for assets held by a government unit in a trustee capacity or as an agent for individuals, private organizations, other governmental units, and/or other funds. The District maintains an expendable trust fund and two agency funds. The expendable trust fund is accounted for and reported similarly to a governmental fund. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

*Account Group* - To make a clear distinction between long-term liabilities related to specific funds and that of a general nature, the following account group is used:

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

**C. Basis of Accounting**

Basis of accounting represents the methodology utilized in the recognition of revenues and expenditures or expenses reported in the financial statements. The accounting and reporting treatment applied to a fund is determined by its measurement focus.

The modified accrual basis of accounting is followed by the governmental funds and expendable trust and agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. The term "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period, which for the District is considered to be 60 days after fiscal year end. Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on general long-term debt which is recognized when due.

Revenue considered susceptible to accrual at year end includes property taxes available for advance, income taxes, tuition, grants and entitlements, student fees, and interest on investments.

Property taxes measurable as of June 30, 1999 but which are not intended to finance fiscal year 1999 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**C. Basis of Accounting** (Continued)

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized when they are earned and expenses are recognized when incurred.

Pursuant to GASB Statement No. 20, "Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting," the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

**D. 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 appropriation resolution are subject to amendment throughout the year.

All funds other than agency funds are legally required to be budgeted and appropriated; however, only governmental funds are required to be reported. The primary level of budgetary control is at the object level within each department. Budgetary modifications may only be made by resolution of the Board of Education.

**1. Tax Budget**

By January 15, the Superintendent and Treasurer submit an annual operating budget for the following fiscal year to the Board of Education for consideration and passage. The adopted budget is submitted to the County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the period July 1 to June 30 of the following fiscal year.

**2. Estimated Resources**

Prior to April 1, the Board 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 District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

**D. Budgetary Process** (Continued)

3. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 through September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 through June 30. The appropriation resolution establishes spending controls at the fund, department and object level. The appropriation resolution may be amended during the year as additional information becomes available, provided that total fund appropriations do not exceed the current estimated resources as certified. The allocation of appropriations among departments and objects within a fund may be modified during the year with approval of the Board. During the year, several supplemental appropriations were necessary to budget the use of contingency funds. Administrative control is maintained through the establishment of more detailed line-item budgets. The budgetary figures which appear in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances-Budget and Actual-All Governmental Fund Types" are provided on the budgetary basis to provide a comparison of actual results to the final budget, including all amendments and modifications.

4. Encumbrances

As part of formal budgetary control, purchase orders, contracts and other commitments for expenditures are encumbered and recorded as the equivalent of expenditures (budget basis) in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. However, on the GAAP basis of accounting, encumbrances do not constitute expenditures or liabilities and are reported as reservations of fund balances for governmental funds in the accompanying general purpose financial statements.

5. Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriations. The encumbered appropriation balance is carried forward to the subsequent fiscal year and need not be reappropriated.

6. Budgetary Basis of Accounting

The District's budgetary process accounts for certain transactions on a basis other than generally accepted accounting principles (GAAP). The major differences between the budgetary basis and the GAAP basis lie in the manner in which revenues and expenditures are recorded. Under the budgetary basis, revenues and expenditures are recognized on a cash basis. Utilizing the cash basis, revenues are recorded when received in cash and expenditures when paid. Under the GAAP basis, revenues and expenditures are recorded on the modified accrual basis of accounting.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

The following table summarizes the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements for the governmental funds:

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$753,987	(\$257,426)	\$0	(\$104,914)
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(169,158)	(7,265)	0	0
Accrued Revenues at June 30, 1998, received during FY 1999	369,741	0	0	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	3,484,849	504,198	0	132,159
Accrued Expenditures at June 30, 1998, paid during FY 1999	(3,227,326)	(471,094)	0	(265,950)
FY 1998 Prepays for FY 1999	39,831	990	0	0
FY 1999 Prepays for FY 2000	(58,256)	(3,898)	0	0
Encumbrances Outstanding at June 30, 1999	(389,843)	(189,623)	0	(275,091)
Budget Basis	\$803,825	(\$424,118)	\$0	(\$513,796)

E. Cash and Cash Equivalents

During fiscal year 1999, cash and cash equivalents included amounts in demand deposits and repurchase agreements.

The District pools its cash for investment and resource management purposes. Each fund's equity in pooled cash and investments represents the balance on hand as if each fund maintained its own cash and investment account. See Note 4, Cash, Cash Equivalents and Investments.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**F. Investments**

Investment procedures and interest allocations are restricted by provisions of the Ohio Constitution and the Ohio Revised Code. In accordance with GASB Statement No. 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", the Center records all its investments at fair value except for nonparticipating investment contracts (repurchase agreements) which are reported at cost. See Note 4, Cash, Cash Equivalents and Investments.

**G. Inventory**

Inventory is stated at cost (first-in, first-out) in the governmental funds and at the lower of cost or market in the proprietary funds. The costs of inventory items are recorded as expenditures in the governmental and expendable trust funds when purchased and as expenses in the proprietary funds when used.

**H. Long-Term Obligations**

Long-term liabilities are being repaid from the following funds:

Obligation	Fund
General Obligation Bond	Bond Retirement Fund
Capital Leases	General Fund
Intergovernmental Payable	General Fund, Auxiliary Services Fund, Disadvantaged Pupil Impact Aid Fund, Title VI-B Fund, Chapter I Fund, Special Trust Fund
Compensated Absences	General Fund, Food Services Fund

**I. Compensated Absences**

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the termination method. Employees may earn 15 days of sick leave per year up to a maximum of 245 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of between 52 and 57 days depending upon their job classification. In addition, teachers may earn an additional day of sick leave compensation for each year that they served with perfect attendance. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**J. Pensions**

The provision for pension costs is recorded when the related payroll is accrued and the obligation is incurred.

**K. Interfund Transactions**

During the course of normal operations, the District has numerous transactions between funds. Interfund transactions are generally classified as follows:

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are nonroutine or nonrecurring transfers between funds and are reported as additions to or deductions from the fund equity balance. There were no residual equity transfers during the fiscal year.

Transactions that would be treated as revenues and expenditures/expenses if they involved organizations external to the District are similarly treated when involving other funds of the District.

**L. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve, a reserve for textbook purchases and a reserve for capital maintenance. These reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established for these amounts.

**M. Reservations of Fund Balance**

Reserves indicate that a portion of fund balance is not available for expenditure or is legally segregated for a specific future use. Fund balances are reserved for prepaid items, inventory of supplies and materials, budget stabilization and encumbered amounts which have not been accrued at year end. The reserve for budget stabilization is required by State statute for a refund from the Bureau of Workers' Compensation.

**N. Total Columns on Combined Financial Statements**

Total columns on the "Combined Financial Statements" are captioned "Memorandum Only" to indicate they are presented only to facilitate financial analysis. Data in these columns does not present financial position, results of operations or cash flows in conformity with generally accepted accounting principles, nor is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

**NOTE 2 - CHANGES IN ACCOUNTING PRINCIPLE**

The Internal Revenue Code previously required that Section 457 deferred compensation plan assets remain the property of the employer government until available to the employee or beneficiary. Under these regulations, plan assets were recorded in the City's deferred compensation agency fund.

Recent changes to the Internal Revenue Code require Section 457 plan assets to be held in trust for the exclusive benefit of the employees. These plans must establish trust agreements prior to January 1, 1999. During 1998, the Ohio Public Employees Deferred Compensation Program (the "Plan") implemented a Trust Agreement to hold all Plan assets for the employer, whenever contributed, for the exclusive benefit of participants and their beneficiaries. Accordingly, the City has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans" which requires that such assets held in trust, not be reflected on the government's financial statements. Inasmuch as the City no longer has an accounting fiduciary responsibility for the deferred compensation assets, the beginning balance of the agency funds has been restated to show the reduction of \$292,165 representing the balance of deferred compensation at June 30, 1998. The adjustment resulted in the following changes to the agency funds asset/liability balances at June 30, 1998:

<b>Agency Funds:</b>	
Asset/Liability Balance - June 30, 1998 (as reported)	\$332,296
Adjustment due to change in accounting principle	(292,165)
Asset/Liability Balance - June 30, 1998 (restated)	<u>\$40,131</u>

**NOTE 3 - COMPLIANCE AND ACCOUNTABILITY**

Fund Deficits - The fund deficits at June 30, 1999 of \$870,679 in the General Fund and \$76,437 in the Title VI-B Fund, \$895 in the Nutrition Education Fund, and \$207,025 in the Title I Fund (special revenue funds), arise from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. Deficits do not exist under the cash basis of accounting. The retained earnings deficit at June 30, 1999 of \$13,215 in the Food Services Fund (enterprise fund) arises from the recognition of expenses on the accrual basis which are greater than expenses recognized on the cash basis. The deficit does not exist under the cash basis of accounting.

Excess Expenditures over Appropriations - For the year ended June 30, 1999, expenditures exceeded appropriations at the function level in the following Special Revenue Funds:

Fund	Excess
Title I Fund	
Supporting Services - Pupils	\$1,463
Drug Free School Grant Fund	
Instruction	3,968
Miscellaneous Federal Grant Fund	
Supporting Services - Pupils	8

The excess expenditures were funded from available fund balance.

#### NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

Cash resources of several individual funds are combined to form a pool of cash, cash equivalents and investments. In addition, investments are separately held by a number of individual funds.

Statutes require the classification of funds held by the District into three categories. Category 1 consists of "active" funds - those funds required to be kept in a "cash" or "near cash" status for immediate use by the District. Such funds must be maintained either as cash in the District Treasury or in depository accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts.

Category 2 consists of "inactive" funds - those funds not required for use within the current two year period of designation of depositories. Inactive funds may be deposited or invested only as certificates of deposit maturing not later than the end of the current period of designation of depositories.

Category 3 consists of "interim" funds - those funds which are not needed for immediate use but, which will be needed before the end of the current period of designation of depositories. Interim funds may be invested or deposited in the following securities:

- 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 or interest by the United States;
- 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;
- 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;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets 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, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

**NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)**

Ohio Law requires that deposits be placed in eligible banks or savings and loan associations located in Ohio. Any public depository in which the District places deposits must pledge as collateral eligible securities of aggregate market value equal to the excess of deposits not insured by the Federal Deposit Insurance Corporation (FDIC). The securities pledged as collateral are pledged to a pool for each individual financial institution in amounts equal to at least 110% of the carrying value of all public collateral are limited to obligations of the United States and its agencies and obligations of any state, county, municipal corporation or other legally constituted authority of any other state, or any instrumentality of such county, municipal corporation or other authority. Based upon criteria described in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements) and Reverse Repurchase Agreements," collateral held in single financial institution collateral pools with securities being held by the pledging financial institutions' agent in the pool's name are classified as Category 3. The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

*Deposits:*

- Category 1 Insured or collateralized with securities held by the District or by its agent in the District's name.
- Category 2 Collateralized with securities held by the pledging financial institution's trust department or agent, in the District's name.
- Category 3 Collateralized with securities held by the pledging financial institution's trust department or agent, but not in the District's name.

*Investments:*

- Category 1 Insured or registered, or securities held by the District or its agent in the District's name.
- Category 2 Uninsured and unregistered, with securities held by the counterparty's trust department or agent in the District's name.
- Category 3 Uninsured and unregistered, with securities held by the counterparty or by its trust department or agent but not in the District's name.

**A. Deposits**

At year end the carrying amount of the District's deposits was \$642,896 and the bank balance was \$1,019,005. Of the bank balance, \$100,000 was insured by the Federal Deposit Insurance Corporation (FDIC).

**B. Investments**

The District's investments at June 30, 1999 were as follows:

	<u>Category 2</u>	<u>Fair Value</u>
<b>Categorized Investments</b>		
Repurchase Agreements	\$2,291,840	\$2,291,840
<b>Noncategorized Investments</b>		
STAR Ohio	N/A	1,003,944
<b>Total Investments</b>	<u>\$2,291,840</u>	<u>\$3,295,784</u>

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS (Continued)

**C. Reconciliation of Cash, Cash Equivalents and Investments**

The classification of cash, cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. Certificates of deposit with an original maturity of three months or less are treated as cash equivalents. The classification of cash and cash equivalents (deposits) for purposes of this note are based on criteria set forth in GASB Statement No. 3.

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$2,888,680	\$1,050,000
Certificates of Deposits (with maturities of more than three months)	1,050,000	(1,050,000)
Investments:		
STAR Ohio	(1,003,944)	1,003,944
Repurchase Agreements	(2,291,840)	2,291,840
Per GASB Statement No. 3	<u>\$642,896</u>	<u>\$3,295,784</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 1999 were levied after October 1, 1998 on assessed values as of January 1, 1998, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1993, and equalization adjustments were made in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

Public utility real and tangible personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Certain public utility tangible personal property is currently assessed at 100 percent of its true value. Public utility property taxes are payable on the same dates as real property described previously.

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999**

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**NOTE 5 - PROPERTY TAXES (Continued)**

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Zanesville City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

	1998 Second Half Collections	1999 First Half Collections
Agricultural/Residential and Other Real Estate	\$241,486,000	\$244,933,690
Public Utility Personal	25,259,940	24,761,550
Tangible Personal Property	58,229,565	59,321,674
Total Assessed Value	<u>\$324,975,505</u>	<u>\$329,016,914</u>
Tax rate per \$1,000 of assessed valuation	\$44.55	\$43.85

**NOTE 6 - RECEIVABLES**

Receivables at June 30, 1999 consisted of taxes, interest, accounts receivable and intergovernmental receivables.

**NOTE 7 - INTERFUND BALANCES**

Individual interfund receivable and payable balances at June 30, 1999, are as follows:

	Due From Other Funds	Due to Other Funds
General Fund	\$56,750	\$0
Special Revenue Funds:		
District Managed Student Activity Fund	0	50
Title VI-B Fund	0	20,000
Nutrition Education Fund	0	1,500
Total Special Revenue Funds	<u>0</u>	<u>21,550</u>
Capital Project Fund:		
Emergency Building Repair Fund	0	35,000
Internal Service Fund:		
Rotary Fund	0	200
Totals	<u>\$56,750</u>	<u>\$56,750</u>

**NOTE 8 - OPERATING TRANSFERS**

Following is a summary of operating transfers in and out for all funds at June 30, 1999:

Fund	Transfer In	Transfer Out
General Fund	\$0	\$30,150
Special Revenue Funds:		
District Managed Student Activity Fund	30,000	0
Chapter I Fund	0	14,568
Total Special Revenue Funds	30,000	14,568
Enterprise Fund:		
Uniform School Supplies Fund	150	0
Internal Service Fund:		
Rotary Fund	14,568	0
Total All Funds	\$44,718	\$44,718

**NOTE 9 - DEFINED BENEFIT PENSION PLANS**

All of the District's full-time employees participate in one of two separate retirement systems which are cost-sharing multiple employer defined benefit pension plans.

**A. School Employees Retirement System of Ohio (SERS of Ohio)**

All non-certified employees of the District, with minor exceptions, performing duties that do not require a certificate issued by the Ohio Department of Education are eligible to participate in the School Employees Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The SERS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. The SERS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the SERS of Ohio. Interested parties may obtain a copy by making a written request to SERS, 45 North Fourth Street, Columbus, Ohio 43215-3634 or by calling (614) 222-5853.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$582,048, \$544,812, and \$514,896, respectively, which were equal to the required contributions for each year.

**NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)**

**A. School Employees Retirement System of Ohio (SERS of Ohio) (Continued)**

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, 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% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$22,705.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 50,000. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998 were \$111,900,575 and the target level was \$139.9 million. Net assets available for payment of benefits at June 30, 1998 was \$160.3 million, at cost.

**B. State Teachers Retirement System of Ohio (STRS of Ohio)**

All certified employees of the District are eligible to participate in the State Teachers Retirement System of Ohio, a cost-sharing multiple employer public employee retirement system.

The STRS of Ohio provides retirement and disability benefits, annual cost-of-living adjustments and survivor benefits based on eligible service credit to plan members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. The STRS of Ohio issues a stand-alone financial report that includes financial statements and required supplementary information for the STRS of Ohio. Interested parties may obtain a copy by making a written request to STRS, 275 East Broad Street, Columbus, Ohio 43215-3771 or by calling (614) 227-4090.

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$2,074,944, \$1,980,984, and \$2,015,280, respectively, which were equal to the required contributions for each year.

STRS provides postemployment health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code, the State Teachers Retirement Board has discretionary authority over how much, if any, of the health care cost will be absorbed by STRS. All benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 3.5% of covered payroll, to a health care reserve fund. The balance of the Health Care Reserve Fund was \$2,156 million at June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999 will be 8% of covered payroll. For the fiscal year ended June 30, 1998, the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999**

**NOTE 10 - COMPENSATED ABSENCES**

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 1999, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	Sick Leave	Vacation	Total
Liability	\$3,194,800	\$135,339	\$3,330,139

The portion attributable to the enterprise funds has been recorded within the respective fund and is not included in the figures presented above.

**NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS**

Detail of the changes in the bond, intergovernmental payable, capital lease and compensated absences of the District for the year ended June 30, 1999 is as follows:

	Balance July 1, 1998	Issued (Retired)	Balance June 30, 1999
<b>General Long-Term Debt:</b>			
(General Obligation Bond)			
Energy Conservation Bond      5.750%	\$651,000	(\$93,000)	\$558,000
Total General Long-Term Debt	651,000	(93,000)	558,000
<b>Other General Long-Term Obligations:</b>			
Intergovernmental Payable	178,119	8,983	187,102
Capital Leases Payable	52,759	11,461	
		(19,448)	44,772
Compensated Absences	2,937,628	392,511	3,330,139
Total Other General Long-Term Obligations	3,168,506	393,507	3,562,013
Total General Long-Term Debt and Other General Long-Term Obligations	\$3,819,506	\$300,507	\$4,120,013

NOTE 11 - LONG-TERM DEBT AND OTHER OBLIGATIONS (Continued)

**A. Principal and Interest Requirements**

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 1999, follows:

Years	General Obligation Bond		
	Principal	Interest	Total
2000	\$93,000	\$34,759	\$127,759
2001	93,000	29,411	122,411
2002	93,000	24,064	117,064
2003	93,000	18,716	111,716
2004	93,000	13,369	106,369
2005-2007	93,000	10,695	103,695
Totals	\$558,000	\$131,014	\$689,014

NOTE 12 - CAPITAL LEASE COMMITMENT

The District is obligated under five leases accounted for as capital leases.

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 1999:

Year Ending June 30,	Capital Leases
2000	\$26,475
2001	18,765
2002	5,107
Minimum Lease Payments	50,347
Less: Amount representing interest at the District's incremental borrowing rate of interest	(5,575)
Present value of minimum lease payments	\$44,772

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999**

**NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The District maintains three Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales, and a Latchkey program. The key financial information for the year ended June 30, 1999 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Latchkey Fund	Total
Operating Revenues	\$558,389	\$8,789	\$122,116	\$689,294
Operating Gain (Loss)	(861,531)	(148)	5,079	(856,600)
Net Income	68,222	2	11,834	80,058
Operating Grants	928,554	0	0	928,554
Transfers In	0	150	0	150
Total Assets	246,051	4,682	28,091	278,824
Net Working Capital	61,306	4,682	11,834	77,822
Total Equity	(13,215)	4,682	11,834	3,301

**NOTE 14 - STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 1999, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$295,465	\$295,465
Current Year Set-Aside Requirement	346,843	346,843	175,421	869,107
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	(346,843)	(346,843)	0	(693,686)
Total	\$0	\$0	\$470,886	\$470,886
Cash Balance Carried Forward to FY 2000	\$0	\$0	\$470,886	\$470,886
Amount Restricted for Budget Stabilization				470,886
Total Restricted Assets				\$470,886

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

**NOTE 15 - CONTINGENCIES**

**A. Grants**

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

**B. Litigation**

The District is not a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 1999.

**C. State School Funding**

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 Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$13,752,329 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly 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. At this time, 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 District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999**

**NOTE 16 - RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 1999 the District contracted with several different insurance providers for various insurance coverages, as follows:

Insurance Provider	Coverage	Deductible
Nationwide Insurance Company	Bus Fleet	\$100
United States Fidelity & Guarantee	Vehicles (non-bus)	\$100
State Auto Insurance Company	Inland Marine	\$100
United States Fidelity & Guarantee, St. Paul, TransContinental and Cincinnati Insurance	Specialty Equipment (instruments, athletics, lawn care, audio visual, etc.)	\$100 - \$250
Utica Insurance Company	Commercial Property	\$500
CNA and TransContinental	Modular Buildings	\$250
Cincinnati Insurance Company	Blanket Bond	\$0
Cincinnati Insurance	Employee Theft	\$0
Nationwide Insurance Company	General Liability	\$0
National Casualty	Volunteers	\$0

There has been no significant reduction in insurance coverages from coverages in the prior year. In addition, settled claims resulting from these risks have not exceeded commercial insurance coverages in any of the past three fiscal years.

Workers' compensation claims are covered through the District's participation in the State of Ohio's program. The District pays the State Workers' Compensation System a premium based upon a rate per \$100 of payroll. The rate is determined based on accident history and administrative costs.

**NOTE 17 - CONSTRUCTION COMMITMENTS**

As of June 30, 1999, the District had the following contract balances outstanding:

Contractor	Remaining Construction Commitment
Kelly	\$200,845
Johnson Roofing	16,099
Professional Plumber	52,126
Columbus Heating & Ventilating	8,016
Meriam Roofing	3,863
<b>Total Contract Balance</b>	<b>\$280,949</b>

**NOTE 18 - YEAR 2000 ISSUE**

The year 2000 issue is the 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.

Zanesville City School District is in the process of completing an inventory of computer systems and other equipment necessary to conducting District operations. Systems identified are financial reporting, payroll and employees benefits, and educational statistics reporting (through the State's Education Management and Information System (EMIS)). The District has school buildings with power systems which has extensive efficiency utilization measures within the system.

Muskingum County collects property taxes for distribution to the Zanesville City School District. Muskingum County is responsible for remediating the tax collection system.

The District uses the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff Payroll System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and nonfinancial information about the District through EMIS. The State is responsible for remediating these systems.

The School District currently is assessing the changes needed in the power system. The system may have to be remediated, tested and validated. The District has no contracted amounts to this project at the end of the fiscal year.

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

**ZANESVILLE CITY SCHOOL DISTRICT, OHIO**  
**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

	Balance June 30, 1998	Additions	Deductions	Balance June 30, 1999
<b><u>District Agency Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$0	\$2,535	(\$1,993)	\$542
Total Assets	\$0	\$2,535	(\$1,993)	\$542
Liabilities:				
Due to Others	\$0	\$2,535	(\$1,993)	\$542
Total Liabilities	\$0	\$2,535	(\$1,993)	\$542
<b><u>Student Managed Activity Fund</u></b>				
Assets:				
Cash and Cash Equivalents	\$40,131	\$81,605	(\$77,745)	\$43,991
Total Assets	\$40,131	\$81,605	(\$77,745)	\$43,991
Liabilities:				
Due to Students	\$40,131	\$81,605	(\$77,745)	\$43,991
Total Liabilities	\$40,131	\$81,605	(\$77,745)	\$43,991
<b><u>Totals - All Agency Funds</u></b>				
Assets:				
Cash and Cash Equivalents	\$40,131	\$84,140	(\$79,738)	\$44,533
Total Assets	\$40,131	\$84,140	(\$79,738)	\$44,533
Liabilities:				
Due to Students	\$40,131	\$81,605	(\$77,745)	\$43,991
Due to Others	0	2,535	(1,993)	542
Total Liabilities	\$40,131	\$84,140	(\$79,738)	\$44,533

**ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY**

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

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	DISBURSEMENTS	NON-CASH DISBURSEMENTS
<b>U.S. DEPARTMENT OF AGRICULTURE</b>						
<i>Pass through Ohio Department of Education:</i>						
Nutrition Cluster:						
National School Lunch	N/A	10.555	\$ 619,184	\$ -	\$ 619,184	\$ -
National School Breakfast	N/A	10.553	142,198	-	142,198	-
Total Nutrition Cluster			761,382	-	761,382	-
Food Distribution Program	N/A	10.550	-	108,630	-	108,630
			-	108,630	-	108,630
Child Care Food Program	N/A	10.558	1,712	-	1,712	-
			1,712	-	1,712	-
Total U.S. Department of Agriculture - Nutrition Cluster			763,094	108,630	763,094	108,630
<b>U.S. DEPARTMENT OF EDUCATION</b>						
<i>Passed Through Ohio Department of Education:</i>						
Title I Educationally Deprived Children	045179C1S198	84.010	-	-	351,700	-
	045179C1S198C		204,299	-	204,299	-
	045179C1S199		1,278,802	-	1,197,503	-
			1,483,101	-	1,753,502	-
Title VI-B Special Education Assistance	0451796BSF97P	84.027	-	-	91,941	-
To States for Education of Handicapped Children	0451796BSF99P		288,716	-	288,716	-
			288,716	-	380,657	-
Drug Free Schools	045179DRS198	84.186	-	-	31,197	-
	045179DRS199		69,807	-	64,344	-
			69,807	-	95,541	-
Even Start - State Educational Agencies	045179EVS196B	84.213	-	-	6	-
	045179EVS197C		-	-	2,500	-
	045179EVS198		-	-	70,340	-
	045179EVS399		125,342	-	107,969	-
			125,342	-	180,815	-
Technical Preparation Education	0451793EOO98	84.243	-	-	462	-
	0451793EOO99		1,157	-	1,157	-
			1,157	-	1,619	-

See notes to schedule of Federal Awards Expenditures.

**ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES (CONTINUED)  
FOR THE YEAR ENDED JUNE 30, 1999**

FEDERAL GRANTOR/ PASS THROUGH GRANTOR/ PROGRAM TITLE	PASS THROUGH ENTITY NUMBER	FEDERAL CFDA NUMBER	RECEIPTS	NON-CASH RECEIPTS	DISBURSEMENTS	NON-CASH DISBURSEMENT
<b>U.S. DEPARTMENT OF AGRICULTURE (Continued)</b>						
Goals 2000 - State Grant	045179G2S198	84.276	-	-	14,151	-
	045179G2A199		2,130	-	2,130	-
	045179G2S199		20,000	-	931	-
	045179G2S499		<u>9,000</u>	-	<u>6,887</u>	-
			31,130	-	24,099	-
Eisenhower Professional Development Grant	045179MSS197	84.281	-	-	25,957	-
	045179MSS198		24,391	-	6,691	-
	045179MSS199		<u>10,621</u>	-	<u>249</u>	-
			35,012	-	32,897	-
Innovative Education Program Strategies	045179C2S1997	84.298	-	-	2	-
	045179C2S1998		-	-	10,448	-
	045179C2S1999		<u>30,257</u>	-	<u>23,964</u>	-
			30,257	-	34,414	-
Total U.S. Department of Education			<u>2,064,522</u>	-	<u>2,503,544</u>	-
Total Federal Assistance			<u>\$ 2,827,616</u>	<u>\$ 108,630</u>	<u>\$ 3,266,638</u>	<u>\$ 108,630</u>

See notes to schedule of Federal Awards Expenditures.

**ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES**

**NOTE A – Significant Account Policies**

The accompanying schedule of federal awards expenditures is a summary of the activity of the Districts federal awards programs. The schedule has been prepared on the cash basis of accounting.

**NOTE B – Food Distribution**

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the state grants. It is assumed that federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.

**WOLFE, WILSON, & PHILLIPS, INC.**

**CERTIFIED PUBLIC ACCOUNTANTS**

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

(740) 453-9600 • FAX - (740) 453-9763

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE AND ON  
INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT  
OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS**

Board of Education  
Zanesville City School District  
160 North Fourth Street  
Zanesville, Ohio 43701

We have audited the general-purpose financial statements of Zanesville City School District as of and for the year ended June 30, 1999, and have issued our report thereon dated December 15, 1999, which was qualified because generally accepted accounting principles require that fixed assets be reported in the general fixed assets account group, and fund fixed assets and their associated depreciation costs be reported with the enterprise funds of the District. No fixed assets were reported in the general-purpose financial statements.

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 Zanesville City School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Zanesville City School District in a separate letter dated December 15, 1999.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Zanesville City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that we have reported to the management of Zanesville City School District in a separate letter dated December 15, 1999.

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Brad Wolfe, J.D., M.B.A., CPA  
Joseph W. Wilson, M.B.A., CPA, CMA  
Kenneth B. Phillips, CPA

Zanesville City School District  
Report on Compliance and on Internal Control Over Financial Reporting  
Page two

This report is intended for the information of Board of Education, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolfe, Wilson, & Phillips, Inc*

Zanesville, Ohio  
December 15, 1999

# WOLFE, WILSON, & PHILLIPS, INC.

CERTIFIED PUBLIC ACCOUNTANTS

37 S. SEVENTH STREET • ZANESVILLE, OHIO 43701

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

Board of Education  
Zanesville City School District  
160 North Fourth Street  
Zanesville, Ohio 43701

### Compliance

We have audited the compliance of Zanesville City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. Zanesville City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Zanesville City School District management. Our responsibility is to express an opinion on Zanesville City School District 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Zanesville City School District 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 Zanesville City School District compliance with those requirements.

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

Internal Control Over Compliance

The management of Zanesville City School District is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts and grants applicable to federal programs. In planning and performing our audit, we considered Zanesville City School Districts' 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 internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended for the information of the Board of Education, the Auditor of State, federal award agencies, and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

*Wolfe, Wilson, & Chubb, Inc.*

Zanesville, Ohio  
December 15, 1999

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
OMB CIRCULAR A - 133 SECTION .505**

**ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM COUNTY  
JUNE 30, 1999**

**1. AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Qualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(II)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported non-compliance at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under section .510? NO	
<i>(d)(1)(vii)</i>	Major Programs (List):	Title I, CFDA #84.010
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A\B	Type A: > \$300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

NONE

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

NONE



STATE OF OHIO  
OFFICE OF THE AUDITOR  
JIM PETRO, AUDITOR OF STATE

88 East Broad Street  
P.O. Box 1140  
Columbus, Ohio 43216-1140  
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800-282-0370  
Facsimile 614-466-4490

ZANESVILLE CITY SCHOOL DISTRICT  
MUSKINGUM 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.

By: Susan Babbitt

Date: JAN 25 2000