



**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2000**



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

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**STATE OF OHIO**



**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

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## REPORT OF INDEPENDENT ACCOUNTANTS

East Liverpool City School District  
Columbiana County  
500 Maryland Street  
East Liverpool, Ohio 43920

To the Board of Education:

We have audited the accompanying general purpose financial statements of the East Liverpool City School District, Columbiana County, Ohio (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with 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 East Liverpool City School District, Columbiana County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund 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 January 12, 2001 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

**Jim Petro**  
Auditor of State

January 12, 2001

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**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED BALANCE SHEET  
ALL FUND TYPES AND ACCOUNT GROUPS  
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
<b>ASSETS AND OTHER DEBITS</b>				
<b>Assets:</b>				
Equity in Pooled Cash and Cash Equivalents	\$1,653,341	\$886,361	\$113,518	\$487,980
Receivables:				
Taxes	3,738,927			222,404
Accounts	226	832		
Intergovernmental	404,128	99,195		
Interfund Receivable	35			
Prepaid Items	17,900			
Inventory Held for Resale				
Restricted Assets:				
Equity in Pooled Cash and Cash Equivalents	414,340			
Fixed Assets (Net, where applicable, of Accumulated Depreciation)				
<b>Other Debits:</b>				
Amount Available in Debt Service Fund for Retirement of General Obligation Bonds Amount to be Provided from General Government Resources				
<b>Total Assets and Other Debits</b>	<b><u>\$6,228,897</u></b>	<b><u>\$986,388</u></b>	<b><u>\$113,518</u></b>	<b><u>\$710,384</u></b>
<b>LIABILITIES, FUND EQUITY AND OTHER CREDITS</b>				
<b>Liabilities:</b>				
Accounts Payable	\$49,315	\$29,088		
Accrued Wages	1,522,864	278,696		
Compensated Absences Payable	91,181	1,891		
Interfund Payable		35		
Intergovernmental Payable	446,108	74,872		
Deferred Revenue	3,610,311			\$215,483
Due to Students				
Accrued Interest Payable				9,837
Capital Leases Payable				
Energy Conservation Loan Payable				1,040,152
<b>Total Liabilities</b>	<b><u>5,719,779</u></b>	<b><u>384,582</u></b>		<b><u>1,265,472</u></b>
<b>Fund Equity and Other Credits:</b>				
Investment in General Fixed Assets				
Retained Earnings:				
Unreserved				
Fund Balance:				
Reserved for Encumbrances	254,857	122,820		103,675
Reserved for Property Taxes	128,616			6,921
Reserved for Endowment				
Reserved for Budget Stabilization	303,935			
Reserved for Bus Purchase Allowance	110,405			
Unreserved:				
Designated for Budget Stabilization	85,409			
	<u>(374,104)</u>	<u>478,986</u>	<u>113,518</u>	<u>(665,684)</u>
<b>Total Fund Equity (Deficit) and Other Credits</b>	<b><u>509,118</u></b>	<b><u>601,806</u></b>	<b><u>113,518</u></b>	<b><u>(555,088)</u></b>
<b>Total Liabilities, Fund Equity and Other Credits</b>	<b><u>\$6,228,897</u></b>	<b><u>\$986,388</u></b>	<b><u>\$113,518</u></b>	<b><u>\$710,384</u></b>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$780,423	\$105,301			\$4,026,924
				3,961,331
				1,058
75,549				578,872
				35
				17,900
54,170				54,170
				414,340
135,671		\$17,145,813		17,281,484
			\$113,518	113,518
			1,540,011	1,540,011
<b>\$1,045,813</b>	<b>\$105,301</b>	<b>\$17,145,813</b>	<b>\$1,653,529</b>	<b>\$27,989,643</b>
\$328				\$78,731
28,904				1,830,464
35,320			\$1,477,400	1,605,792
				35
36,678			174,126	731,784
35,482				3,861,276
	\$82,971			82,971
				9,837
			2,003	2,003
				1,040,152
136,712	82,971		1,653,529	9,243,045
		\$17,145,813		17,145,813
909,101				909,101
				481,352
				135,537
	13,300			13,300
				303,935
				110,405
	9,030			85,409
				(438,254)
909,101	22,330	17,145,813		18,746,598
<b>\$1,045,813</b>	<b>\$105,301</b>	<b>\$17,145,813</b>	<b>\$1,653,529</b>	<b>\$27,989,643</b>

EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES  
ALL GOVERNMENTAL FUND TYPES AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Governmental Fund Types				Fiduciary Fund Type	Totals (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
<b>Revenues:</b>						
Taxes	\$4,211,645			\$228,106		\$4,439,751
Intergovernmental	13,868,405	\$3,704,200		91,000		17,663,605
Interest	299,265				\$157	299,422
Tuition and Fees	429,288	1,640				430,928
Extracurricular Activities		203,923				203,923
Contributions and Donations	1,075	72,837				73,912
Rentals	2,983					2,983
Miscellaneous	35,584	25,819		51,695		113,098
<b>Total Revenues</b>	<b>18,848,245</b>	<b>4,008,419</b>		<b>370,801</b>	<b>157</b>	<b>23,227,622</b>
<b>Expenditures:</b>						
Current:						
Instruction:						
Regular	8,022,660	1,038,929				9,061,589
Special	2,209,662	1,382,224				3,591,886
Vocational	1,096,496	43,888				1,140,384
Adult/Continuing		57,800				57,800
Support Services:						
Pupils	1,079,888	146,697			1,329	1,227,914
Instructional Staff	585,660	505,797				1,091,457
Board of Education	95,695				100	95,795
Administration	1,230,394	159,409				1,389,803
Fiscal	650,427	5,181				655,608
Business	174,832					174,832
Operation and Maintenance of Plant	2,303,718					2,303,718
Pupil Transportation	761,371					761,371
Central		12,965				12,965
Operation of Non-Instructional Services		175,037				175,037
Extracurricular Activities	208,358	210,659				419,017
Capital Outlay				405,479		405,479
Debt Service:						
Principal Retirement	2,076					2,076
Interest and Fiscal Charges	656			64,973		65,629
<b>Total Expenditures</b>	<b>18,421,893</b>	<b>3,738,586</b>		<b>470,452</b>	<b>1,429</b>	<b>22,632,360</b>
Excess of Revenues Over (Under) Expenditures	426,352	269,833		(99,651)	(1,272)	595,262
<b>Other Financing Sources (Uses)</b>						
Operating Transfers In	117,709	78,773	113,518	393,243		703,243
Operating Transfers Out	(578,358)	(130,181)		(4)		(708,543)
<b>Total Other Financing Sources (Uses)</b>	<b>(460,649)</b>	<b>(51,408)</b>	<b>113,518</b>	<b>393,239</b>		<b>(5,300)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(34,297)	218,425	113,518	293,588	(1,272)	589,962
Fund Balances (Deficit) Beginning of Year Restated (See Note 3)	543,415	383,381		(848,676)	8,060	86,180
<b>Fund Balances (Deficit) End of Year</b>	<b>\$509,118</b>	<b>\$601,806</b>	<b>\$113,518</b>	<b>(\$555,088)</b>	<b>\$6,788</b>	<b>\$676,142</b>

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

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**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<b>General Fund</b>		<b>Variance Favorable (Unfavorable)</b>
	<b>Budget</b>	<b>Actual</b>	
<b>Revenues</b>			
Taxes	\$4,054,500	\$4,232,556	\$178,056
Intergovernmental	15,851,948	13,867,422	(1,984,526)
Interest	232,000	299,265	67,265
Tuition and Fees	503,272	26,697	(476,575)
Extracurricular Activities			
Contributions and Donations	200	1,075	875
Rentals	5,153	3,118	(2,035)
Miscellaneous	142,841	35,692	(107,149)
<b>Total Revenues</b>	<b>20,789,914</b>	<b>18,465,825</b>	<b>(2,324,089)</b>
<b>Expenditures</b>			
Current:			
Instruction:			
Regular	8,127,043	8,127,040	3
Special	2,200,948	2,200,948	
Vocational	1,100,586	1,100,586	
Adult/Continuing			
Support Services:			
Pupils	1,073,937	1,073,937	
Instructional Staff	601,607	601,607	
Board of Education	107,322	107,322	
Administration	1,199,215	1,199,215	
Fiscal	671,270	671,270	
Business	195,574	195,574	
Operation and Maintenance of Plant	2,457,819	2,457,819	
Pupil Transportation	776,791	776,791	
Central			
Operation of Non-Instructional Services			
Extracurricular Activities	209,593	209,593	
Debt Service:			
Principal Retirement			
Interest and Fiscal Charges			
<b>Total Expenditures</b>	<b>18,721,705</b>	<b>18,721,702</b>	<b>3</b>
Excess of Revenues Over (Under) Expenditures	2,068,209	(255,877)	(2,324,086)
<b>Other Financing Sources (Uses)</b>			
Proceeds from Sale of Fixed Assets	56,128		(56,128)
Advances In	126,790	126,790	
Advances Out			
Operating Transfers In	182,889	117,709	(65,180)
Operating Transfers Out	(164,235)	(582,369)	(418,134)
<b>Total Other Financing Sources (Uses)</b>	<b>201,572</b>	<b>(337,870)</b>	<b>(539,442)</b>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	2,269,781	(593,747)	(2,863,528)
Fund Balances Beginning of Year	2,050,567	2,050,567	
Prior Year Encumbrances Appropriated	313,688	313,688	
<b>Fund Balances End of Year</b>	<b>\$4,634,036</b>	<b>\$1,770,508</b>	<b>(\$2,863,528)</b>

Special Revenue Funds			Debt Service Fund			Capital Projects Funds		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$3,641,941	\$3,659,029	\$17,088				\$229,625	\$229,625	
160	1,640	1,480				92,100	92,100	
203,923	203,923							
71,293	72,837	1,544						
25,039	25,039					51,000	51,695	\$695
3,942,356	3,962,468	20,112				372,725	373,420	695
844,395	901,390	(56,995)						
1,175,011	1,441,928	(266,917)						
56,005	59,967	(3,962)						
60,481	59,142	1,339						
183,903	155,863	28,040						
465,216	543,764	(78,548)				359,779	136,753	223,026
157,579	159,573	(1,994)						
10,117	4,956	5,161				14,100	14,100	
						583,811	470,565	113,246
28,808	22,552	6,256						
196,693	185,438	11,255						
223,870	237,509	(13,639)						
			\$224,685	\$209,803	\$14,882			
			67,886	67,886				
3,402,078	3,772,082	(370,004)	292,571	277,689	14,882	957,690	621,418	336,272
540,278	190,386	(349,892)	(292,571)	(277,689)	14,882	(584,965)	(247,998)	336,967
37,546	37,546							
	(164,336)	(164,336)						
764,953	78,773	(686,180)	391,207	391,207		119,156	119,565	409
	(130,181)	(130,181)				(4)	(4)	
802,499	(178,198)	(980,697)	391,207	391,207		119,152	119,561	409
1,342,777	12,188	(1,330,589)	98,636	113,518	14,882	(465,813)	(128,437)	337,376
515,226	515,226					268,178	268,178	
208,872	208,872					244,564	244,564	
<b>\$2,066,875</b>	<b>\$736,286</b>	<b>(\$1,330,589)</b>	<b>\$98,636</b>	<b>\$113,518</b>	<b>\$14,882</b>	<b>\$46,929</b>	<b>\$384,305</b>	<b>\$337,376</b>

(Continued)

EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000  
(Continued)**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues</b>						
Taxes				\$4,284,125	\$4,462,181	\$178,056
Intergovernmental				19,585,989	17,618,551	(1,967,438)
Interest	\$179	\$198	\$19	232,179	299,463	67,284
Tuition and Fees				503,432	28,337	(475,095)
Extracurricular Activities				203,923	203,923	
Contributions and Donations	11,097		(11,097)	82,590	73,912	(8,678)
Rentals				5,153	3,118	(2,035)
Miscellaneous				218,880	112,426	(106,454)
<b>Total Revenues</b>	<u>11,276</u>	<u>198</u>	<u>(11,078)</u>	<u>25,116,271</u>	<u>22,801,911</u>	<u>(2,314,360)</u>
<b>Expenditures</b>						
Current:						
Instruction:						
Regular				8,971,438	9,028,430	(56,992)
Special				3,375,959	3,642,876	(266,917)
Vocational				1,156,591	1,160,553	(3,962)
Adult/Continuing				60,481	59,142	1,339
Support Services:						
Pupils	1,210	1,643	(433)	1,259,050	1,231,443	27,607
Instructional Staff				1,426,602	1,282,124	144,478
Board of Education	150	100	50	107,472	107,422	50
Administration				1,356,794	1,358,788	(1,994)
Fiscal				695,487	690,326	5,161
Business				195,574	195,574	
Operation and Maintenance of Plant				3,041,630	2,928,384	113,246
Pupil Transportation				776,791	776,791	
Central				28,808	22,552	6,256
Operation of Non-Instructional Services				196,693	185,438	11,255
Extracurricular Activities				433,463	447,102	(13,639)
Debt Service:						
Principal Retirement				224,685	209,803	14,882
Interest and Fiscal Charges				67,886	67,886	
<b>Total Expenditures</b>	<u>1,360</u>	<u>1,743</u>	<u>(383)</u>	<u>23,375,404</u>	<u>23,394,634</u>	<u>(19,230)</u>
Excess of Revenues Over (Under) Expenditures	<u>9,916</u>	<u>(1,545)</u>	<u>(11,461)</u>	<u>1,740,867</u>	<u>(592,723)</u>	<u>(2,333,590)</u>
<b>Other Financing Sources (Uses)</b>						
Proceeds from Sale of Fixed Assets				56,128		(56,128)
Advances In				164,336	164,336	
Advances Out					(164,336)	(164,336)
Operating Transfers In				1,458,205	707,254	(750,951)
Operating Transfers Out				(164,239)	(712,554)	(548,315)
<b>Total Other Financing Sources (Uses)</b>				<u>1,514,430</u>	<u>(5,300)</u>	<u>(1,519,730)</u>
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	9,916	(1,545)	(11,461)	3,255,297	(598,023)	(3,853,320)
Fund Balances Beginning of Year	7,973	7,973		2,841,944	2,841,944	
Prior Year Encumbrances Appropriated	360	360		767,484	767,484	
<b>Fund Balances End of Year</b>	<u>\$18,249</u>	<u>\$6,788</u>	<u>(\$11,461)</u>	<u>\$6,864,725</u>	<u>\$3,011,405</u>	<u>(\$3,853,320)</u>

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES,  
EXPENSES AND CHANGES IN RETAINED EARNINGS/FUND BALANCES  
PROPRIETARY FUND TYPE AND SIMILAR FIDUCIARY FUND TYPE  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Proprietary Fund Type</u>	<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Nonexpendable Trust</u>	
<b>Operating Revenues:</b>			
Sales	\$341,573		\$341,573
Tuition	14,125		14,125
Interest		437	437
	<hr/>	<hr/>	<hr/>
Total Operating Revenues	355,698	437	356,135
	<hr/>	<hr/>	<hr/>
<b>Operating Expenses:</b>			
Salaries	388,837		388,837
Fringe Benefits	157,851		157,851
Purchased Services	19,630		19,630
Materials and Supplies	89,190		89,190
Cost of Sales	401,793		401,793
Depreciation	21,064		21,064
Other	371	530	901
	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,078,736	530	1,079,266
	<hr/>	<hr/>	<hr/>
Operating Loss	(723,038)	(93)	(723,131)
	<hr/>	<hr/>	<hr/>
<b>Non-Operating Revenues:</b>			
Federal Donated Commodities	69,708		69,708
Operating Grants	495,381		495,381
	<hr/>	<hr/>	<hr/>
Total Non-Operating Revenues	565,089		565,089
	<hr/>	<hr/>	<hr/>
Net Loss Before Operating Transfers	(157,949)	(93)	(158,042)
	<hr/>	<hr/>	<hr/>
Operating Transfers In	5,300		5,300
	<hr/>	<hr/>	<hr/>
Net Loss	(152,649)	(93)	(152,742)
	<hr/>	<hr/>	<hr/>
Retained Earnings/Fund Balances Beginning of Year	1,061,750	15,635	1,077,385
	<hr/>	<hr/>	<hr/>
<b>Retained Earnings/Fund Balances End of Year</b>	<b><u>\$909,101</u></b>	<b><u>\$15,542</u></b>	<b><u>\$924,643</u></b>

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**COMBINED STATEMENT OF REVENUES, EXPENSES AND CHANGES  
FUND EQUITY - BUDGET (NON-GAAP BASIS) AND ACTUAL  
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	<u>Enterprise</u>		<b>Variance Favorable (Unfavorable)</b>
	<u>Budget</u>	<u>Actual</u>	
<b>Revenues</b>			
Sales	\$341,910	\$341,910	
Tuition	6,029	14,185	\$8,156
Interest			
Operating Grants	<u>1,400,537</u>	<u>553,907</u>	<u>(846,630)</u>
<b>Total Revenues</b>	<u>1,748,476</u>	<u>910,002</u>	<u>(838,474)</u>
<b>Expenses</b>			
Salaries	395,208	364,645	30,563
Fringe Benefits	178,892	174,398	4,494
Purchased Services	23,128	23,052	76
Materials and Supplies	464,325	464,979	(654)
Capital Outlay	28,295	11,748	16,547
Other	<u>621</u>	<u>371</u>	<u>250</u>
<b>Total Expenses</b>	<u>1,090,469</u>	<u>1,039,193</u>	<u>51,276</u>
Excess of Revenues Over (Under) Expenses	658,007	(129,191)	(787,198)
Operating Transfers In		<u>5,300</u>	<u>5,300</u>
Excess of Revenues Over (Under) Expenses, and Operating Transfers	658,007	(123,891)	(781,898)
Fund Equity Beginning of Year	843,837	843,837	
Prior Year Encumbrances Appropriated	<u>42,521</u>	<u>42,521</u>	
<b>Fund Equity End of Year</b>	<u><u>\$1,544,365</u></u>	<u><u>\$762,467</u></u>	<u><u>(\$781,898)</u></u>

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

Nonexpendable Trust			Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
			\$341,910	\$341,910	
			6,029	14,185	\$8,156
\$449	\$558	\$109	449	558	109
			1,400,537	553,907	(846,630)
449	558	109	1,748,925	910,560	(838,365)
			395,208	364,645	30,563
			178,892	174,398	4,494
			23,128	23,052	76
			464,325	464,979	(654)
			28,295	11,748	16,547
750	530	220	1,371	901	470
750	530	220	1,091,219	1,039,723	51,496
(301)	28	329	657,706	(129,163)	(786,869)
				5,300	5,300
(301)	28	329	657,706	(123,863)	(781,569)
15,514	15,514		859,351	859,351	
			42,521	42,521	
<b>\$15,213</b>	<b>\$15,542</b>	<b>\$329</b>	<b>\$1,559,578</b>	<b>\$778,009</b>	<b>(\$781,569)</b>

EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY

**COMBINED STATEMENT OF CASH FLOWS  
PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES  
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<b>Increase (Decrease) in</b>			
<b>Cash and Cash Equivalents</b>			
<b>Cash Flows from Operating Activities</b>			
Cash Received from Customers	\$356,095		\$356,095
Cash Payments to Employees for Services	(364,645)		(364,645)
Cash Payments for Employee Benefits	(174,398)		(174,398)
Cash Payments for Goods and Services	(470,348)		(470,348)
Cash Payments for Other Operating Expenses	(371)	(\$651)	(1,022)
	(653,667)	(651)	(654,318)
<b>Net Cash Used for Operating Activities</b>			
<b>Cash Flows from Noncapital</b>			
<b>Financing Activities</b>			
Operating Grants Received	553,907		553,907
Operating Transfers In	5,300		5,300
	559,207		559,207
<b>Net Cash Provided by Noncapital Financing Activities</b>			
<b>Cash Flows from Capital and</b>			
<b>Related Financing Activities</b>			
Payments for Capital Acquisitions	(11,748)		(11,748)
<b>Cash Flows from Investing Activities</b>			
Interest on Investments		558	558
	(106,208)	(93)	(106,301)
<b>Net Decrease in Cash and Cash Equivalents</b>			
Cash and Cash Equivalents Beginning of Year	886,631	15,635	902,266
Cash and Cash Equivalents End of Year	\$780,423	\$15,542	\$795,965
<b>Reconciliation of Operating Loss to</b>			
<b>Net Cash Used for Operating Activities</b>			
Operating Loss	(\$723,038)	(\$93)	(\$723,131)
<b>Adjustments</b>			
Depreciation	21,064		21,064
Donated Commodities Used During Year	69,708		69,708
Interest Received by Nonexpendable Trust Fund		(558)	(558)
(Increase)/Decrease in Assets:			
Accounts Receivable	397		397
Inventory Held for Resale	339		339
Increase/(Decrease) in Liabilities:			
Accounts Payable	(28,838)		(28,838)
Interfund Payable	4,022		4,022
Compensated Absences Payable	19,036		19,036
Intergovernmental Payable	(16,357)		(16,357)
	69,371	(558)	68,813
<b>Total Adjustments</b>			
<b>Net Cash Used for Operating Activities</b>			
	<b>(\$653,667)</b>	<b>(\$651)</b>	<b>(\$654,318)</b>
<b>Reconciliation of Cash and Cash</b>			
<b>Equivalents to the Balance Sheet</b>			
Trust and Agency	\$105,301		
Less: Agency Funds	(82,971)		
Expendable Trust	(6,788)		
Nonexpendable Trust Fund	\$15,542		

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000**

**1. DESCRIPTION OF THE SCHOOL DISTRICT AND REPORTING ENTITY**

East Liverpool City School District (the "School District") is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the Constitution and laws of the State of Ohio.

The School District operates under a locally-elected five member Board and provides educational services as mandated by state or federal agencies. The School District is the 130th largest in the State of Ohio (among 612 school districts) in terms of enrollment. It is staffed by 151 non-certificated employees, 278 certified full-time teaching personnel and 27 administrative employees who provide services to 3,289 students and other community members. The School District currently operates 5 instructional buildings, 1 administrative building, and 1 bus garage.

The School District was established in 1864 through the consolidation of existing land areas and school districts. The School District serves an area of approximately 10 square miles. It is located in Columbiana County, and includes all of the City of East Liverpool, all of Liverpool Township and a portion of Saint Clair Township.

**Reporting Entity**

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the general-purpose financial statements are not misleading. The primary government of the School District consists of all funds, departments, boards and agencies that are not legally separate from the School District. For East Liverpool City School District, this includes general operations, food service, preschool, childcare 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. The School District has no component units.

The following activities are included within the reporting entity:

**Parochial Schools:** Within the School District boundaries, St. Aloysius Catholic School is operated through the Catholic Diocese of Youngstown; East Liverpool Christian School is operated as a private school. Current State legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the School District, as directed by the parochial schools. This activity is reflected in a special revenue fund for financial reporting purposes.

The School District is associated with the Area Cooperative Computer Educational Service System (ACCESS) which is defined as a jointly governed organization. This organization is presented in Note 19 to the general-purpose financial statements.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the 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 issued on or before November 30, 1989, to the proprietary funds 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 that are not recorded in the funds because they do not directly affect net available expendable financial resources.

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

**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.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(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**

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 Type:**

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

**Enterprise Funds**

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

**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. The expendable trust fund is accounted for in essentially the same manner as governmental funds. The nonexpendable trust fund is 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:

**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.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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 the expendable trust fund are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary 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: 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, 2000, and delinquent property taxes, whose availability is indeterminable and which are intended to finance fiscal year 2001 operations, have been recorded as deferred revenue.

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**C. Budgetary Data**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the 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 legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate Board of Education appropriations among functions and objects.

**1. Tax Budget**

Prior to January 15, the Superintendent and Treasurer submits 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 Columbiana County Budget Commission for rate determination.

**2. Estimated Resources**

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**3. Appropriations**

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

**4. Encumbrances**

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

**5. Lapsing of Appropriations**

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

**D. Cash and Cash Equivalents**

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

During fiscal year 2000, investments were limited to certificates of deposit and STAROhio. Certificates of deposit are reported at cost.

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, 2000.

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 2000 amounted to \$299,265, which includes \$159,662 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. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2000, 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.

**F. 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 expensed when used. Materials and supplies inventory has not been reported in the governmental funds since the balance is insignificant.

**G. 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 22 for additional information regarding set-asides.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. 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 respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life are not capitalized. 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 asset group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of eight to twenty years. Improvements to fund fixed assets are depreciated over the remaining useful lives of the related fixed assets.

**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  
School Bus Purchase Reimbursement

**Special Revenue Funds**

Disadvantaged Pupil Impact Aid  
State Foundation Program

**Non-Reimbursable Grants**

**Special Revenue Funds**

Venture Capital  
Auxiliary Services

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Reading Recovery  
Vocational Career Development  
Teacher Development  
Adult Vocational Education  
Education Management Information Systems  
Instructional Materials Subsidy  
Ohio Department of Natural Resources  
Technology Equity  
Adult Basic Education  
Impact Aid (SAFA)  
Title II (Eisenhower)  
Title VI-B  
Vocational Education (Perkins)  
Title I  
Title VI  
Title IV  
Handicapped Pre-School  
Goals 2000 Intervention  
School to Work  
Performance Incentive Grant  
School Improvement Incentive Grant  
Ohio Reads

**Capital Projects Funds**

School Net  
Ohio School Facilities Emergency Repair Grant  
Major Disaster Area Assistance  
Internet Video Distant Learning  
Network Connectivity  
Technology Equity Grant

**Reimbursable Grants**

**General Fund**

Driver Education  
General Education Development

**Proprietary Funds**

National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities

Grants and entitlements received in governmental funds amounted to seventy-six percent of governmental fund types operating revenue during the 2000 fiscal year.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

Sick leave benefits are accrued as a liability using the termination method. An accrual for earned sick leave is made to the extent that it is probable that benefits will result in termination payments. The liability is an estimate based on the School District's past experience of making termination payments.

For governmental funds, 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 expendable available financial resources. Capital leases are reported as a liability of the general long-term obligations account group until due. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources.

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

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**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. Designations represent tentative plans for future use of financial resources. 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, property taxes, endowments, budget stabilization and bus purchase allowance.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money required to be set-aside by statute to protect against cyclical changes in revenues and expenditures. Fund balance in the general fund includes a designation that represents the amount set-aside by the Board of Education for budget stabilization in excess of the statutory requirement. The reserve for endowments signifies the legal restrictions on the use of principal.

**O. 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 may differ from those estimates.

**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.

**3. RESTATEMENT OF PRIOR YEAR BALANCES**

In the prior year, accrued wages and intergovernmental payables were overstated in the special revenue funds. The effect of these changes on fund balance as previously reported for the fiscal year ended June 30, 1999, is as follows:

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**3. RESTATEMENT OF PRIOR YEAR BALANCES (Continued)**

	Special Revenue Funds
Fund Balance as Previously Reported	\$376,046
Overstatement of Accrued Wages	6,872
Overstatement of Intergovernmental Payable	463
Restated Fund Balance for the fiscal year ended June 30, 1999	\$383,381

The effect of this restatement on the excess of revenues and other financing sources over (under) expenditures and other financing uses as previously reported for the fiscal year ended June 30, 1999 is as follows:

	Special Revenue Funds
Excess as Previously Reported	\$321,071
Overstatement of Accrued Wages	6,872
Overstatement of Intergovernmental Payable	463
Restated amounts for the fiscal year ended June 30, 1999	\$328,406

**4. ACCOUNTABILITY AND COMPLIANCE**

**A. Fund Deficits**

At June 30, 2000, the following funds had deficit fund balances/retained earnings:

Special Revenue Funds	
Disadvantage Pupil Impact Aid	\$27,732
Title VI-B	4,584
Pre-School	659
Capital Projects Fund	
Permanent Improvement	\$753,819
Nonexpendable Trust Fund	
Endowment	\$93

The special revenue funds and nonexpendable trust fund deficit balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficits in these funds and provides operating transfers when cash is required, rather than when accruals occur.

The permanent improvement capital project fund deficit balance arose from the requirement to report notes as a liability in the fund which received the proceeds. Once the note is retired, the deficit will be eliminated.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**4. ACCOUNTABILITY AND COMPLIANCE (Continued)**

**B. Legal Compliance**

Contrary to Ohio Revised Code § 5705.41(B), the following funds had expenditures plus encumbrances in excess of appropriations:

Fund	Appropriations	Expenditures Plus Encumbrances	Excess
Special Revenue Funds			
Venture Capital	\$16,336	\$25,507	\$9,171
Reading Recovery	5,750	10,541	4,791
Disadvantage Pupil Impact Aid	771,000	888,572	117,572
Technology Equity	17,000	29,790	12,790
Ohio Reads	0	8,695	8,695
Miscellaneous State Grants	25,845	133,574	107,729
Adult Basic Education	52,491	65,637	13,146
Drug Free School	37,663	46,871	9,208
Pre-School	19,601	35,254	15,653
Capital Project Funds			
Permanent Improvement	401,432	424,705	23,273
Internet Video Distance Learning	0	9,082	9,082
Expendable Trust Fund			
Special Trust	1,360	1,743	383

Contrary to Ohio Revised Code § 5705.39, the following fund had total appropriations in excess of estimated resources plus carryover balances.

Fund/Function	Estimated Resources Plus Carryover Balances	Total Appropriations	Excess
Capital Project Funds			
SchoolNet Plus	\$184,905	\$363,195	\$178,290
Enterprise Fund			
Uniform School Supplies	\$9,857	\$26,000	\$16,143

**5. BUDGETARY BASIS OF ACCOUNTING**

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
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**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are:

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

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

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

	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust
GAAP Basis	(\$34,297)	\$218,425	\$113,518	\$293,588	(\$1,272)
Revenue Accruals	(382,420)	(45,951)	0	2,619	41
Advance In	126,790	37,546	0	0	0
Expenditure Accruals	(2,636)	116,579	0	(115,177)	(314)
Reclassified for Debt					
Principal	0	0	(209,803)	0	0
Interest and Fiscal	0	0	(67,886)	67,886	0
Transfers In	0	0	277,689	(273,678)	0
Transfers Out	(4,011)	0	0	0	0
Advances Out	0	(164,336)	0	0	0
Encumbrances	(297,173)	(150,075)	0	(103,675)	0
Budget Basis	(\$593,747)	\$12,188	\$113,518	(\$128,437)	(\$1,545)

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**5. BUDGETARY BASIS OF ACCOUNTING (Continued)**

Net Loss/Excess of Revenues  
Over (Under) Expenses and Operating Transfers  
Proprietary Fund Type and Nonexpendable Trust Fund

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$152,649)	(\$93)
Revenue Accruals	58,923	121
Expense Accruals	(21,525)	0
Capital Outlay	(11,748)	0
Depreciation Expense	21,064	0
Encumbrances	(17,956)	0
Budget Basis	(\$123,891)	\$28

**6. DEPOSITS AND INVESTMENTS**

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

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

Inactive deposits are public deposits that 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 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 or deposit accounts including passbook accounts.

Protection of 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 monies 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;

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**6. 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 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);
7. Certain Banker's acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and,
8. Under limited circumstances, corporate debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the School District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the treasurer or, 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 3, "Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements".

**Deposits** At fiscal year end, the carrying amount of the School District's deposits was (\$411,305) and the bank balance was \$1,238,973. Of the bank balance:

1. \$163,656 was covered by federal depository insurance; and
2. \$1,075,317 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**6. DEPOSITS AND INVESTMENTS (Continued)**

**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 investment since it is not evidenced by securities that exist in physical or book entry form.

	Fair Value
STAROhio	\$4,852,569

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, "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 investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$4,441,264	\$0
Investments:		
STAROhio	(4,852,569)	4,852,569
GASB Statement 3	(\$411,305)	\$4,852,569

**7. PROPERTY TAXES**

Property taxes are levied and assessed on a calendar year basis while the School District fiscal year runs from July through June. First half tax collections are received by the School District in the second half of the fiscal year. Second half tax distributions occur in the first half of the following fiscal year.

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2000 for real and public utility property taxes represents collections of calendar 1999 taxes. Property tax payments received during calendar 2000 for tangible personal property (other than public utility property) is for calendar 2000 taxes.

Real property taxes are levied after April 1, 2000, on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**7. PROPERTY TAXES (Continued)**

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. 2000 public utility property taxes became a lien December 31, 1999, are levied after April 1, 2000 and are collected in 2001 with real property taxes.

2000 tangible personal property taxes are levied after April 1, 2000, on the value as of December 31, 1999. Collections are made in 2000. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2000 taxes were collected are:

	1999 Second- Half Collections		2000 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/ Residential and Other Real Estate	\$119,464,290	76.18%	\$120,052,430	77.91%
Public Utility Personal	14,481,710	9.24	14,018,580	9.10
Tangible Personal Property	22,862,190	14.58	20,024,730	12.99
<b>Total</b>	<b>\$156,808,190</b>	<b>100.00%</b>	<b>\$154,095,740</b>	<b>100.00%</b>

Tax rate per \$1,000 of  
assessed valuation

\$37.50

\$36.70

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later 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 Columbiana 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, 2000, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available to the School District as an advance at June 30, 2000, was \$128,616 in the general fund and \$6,921 in the permanent improvements capital projects fund.

**8. RECEIVABLES**

Receivables at June 30, 2000 consisted of property taxes, accounts (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.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**8. RECEIVABLES (Continued)**

A summary of the principal items of intergovernmental receivables follows:

Intergovernmental Receivables	Amounts
General Fund:	
State Reimbursement for Drivers Education	\$1,200
City of East Liverpool	283
Tuition	402,645
Total General Fund	404,128
Special Revenue Funds:	
Title I	99,195
Enterprise Fund:	
Food Service	75,549
Total Intergovernmental Receivables	\$578,872

**9. FIXED ASSETS**

A summary of the enterprise funds' fixed assets at June 30, 2000, follows:

Furniture and Equipment	\$521,749
Vehicles	5,010
Less: Accumulated Depreciation	(391,088)
Net Fixed Assets	\$135,671

A summary of the changes in general fixed assets during fiscal year 2000 follows:

	Balance 6/30/99	Additions	Deductions	Balance 6/30/00
Land and Improvements	\$900,660	\$0	\$0	\$900,660
Buildings	11,234,373	56,531	0	11,290,904
Equipment	3,501,335	189,332	0	3,690,667
Vehicles	1,263,582	0	0	1,263,582
Total General Fixed Assets	\$16,899,950	\$245,863	\$0	\$17,145,813

There was no significant construction in progress at June 30, 2000.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**10. RISK MANAGEMENT**

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2000, the School District contracted with Nationwide Insurance for fleet insurance, property and inland marine insurance, liability insurance, and with Auto-Owners Insurance Company for flood insurance. Coverages provided are as follows:

Property: All Buildings and Contents (\$1000 deductible)	\$56,032,100
Flood: Field, Buildings and Contents (\$750 deductible)	441,700
Inland Marine Coverage (\$100 deductible)	100,000
Crime Insurance (\$250 deductible)	20,000
Automobile Liability (\$250 deductible)	2,000,000
Uninsured Motorists (\$250 deductible)	1,000,000
General Liability	
Per occurrence	2,000,000
Total per year	5,000,000

Settled claims have not exceeded this commercial coverage in any of the past three years. There have been no significant reduction in coverage from last year.

The School District pays the State Worker Compensation System a premium based on a rate per \$100 of salaries. The rate is calculated based on accident history and administrative costs.

**11. 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 North 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 contributions is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 2000, 5.5 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 1999, 7.7 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to 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, 2000, 1999 and 1998 were \$146,864, \$197,988 and \$237,747, respectively; 42.68 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$84,181 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**11. 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, 2000, 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. 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, 2000, 1999 and 1998 were \$680,970, \$665,388 and \$1,128,568, respectively; 77.99 percent has been contributed for fiscal year 2000 and 100 percent for fiscal years 1999 and 1998. \$149,891 represents the unpaid contribution for fiscal year 2000, 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, 2000, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

**12. POSTEMPLOYMENT BENEFITS**

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-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 funded 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 fiscal year ended June 30, 2000, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$907,960 for fiscal year 2000.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 1999, (the latest information available) the balance in the Fund was \$2,783 million. For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**12. POSTEMPLOYMENT BENEFITS (Continued)**

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, 2000, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent for fiscal year 2000. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay was at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2000 fiscal year equaled \$168,226.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 1999 (the latest information available), were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, SERS had net assets available for payment of health care benefits of \$188.0 million. SERS had approximately 51,000 participants currently receiving health care benefits.

**13. OTHER EMPLOYEE BENEFITS**

**A. Compensated Absences**

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five 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 200 days for classified personnel and 240 days for certified personnel. Upon retirement, payment is made to classified employees for one-third of the first 90 days plus 10 percent of the remaining balance up to the 200 days maximum and to certified employees for one-third of the first 90 days plus 10 percent of the remaining balance up to 240 days maximum. In no case shall a certified retiree receive less than 10 days, regardless of the number of sick days accumulated.

**B. Life Insurance**

The School District provides term life insurance and accidental death and dismemberment insurance to all certified employees and to those classified employees working at least 22.5 hours per week, through Reliance Standard Life Insurance Company at 100 percent of the cost.

**C. Health Insurance**

The School District provides medical and dental insurance to all certified employees and to those classified employees working at least 22.5 hours per week, through Medical Mutual of Ohio.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**13. OTHER EMPLOYEE BENEFITS (Continued)**

Coverage for classified employees begins the first day of the month following six months of employment, with 100 percent of the premium paid by the School District. Coverage for certified employees begins the first day of employment, with 100 percent paid by the School District.

**14. SHORT TERM OBLIGATIONS**

The School District's short term activity, including amounts outstanding, interest rates and the purpose for which it was issued follows:

	Principal Outstanding 06/30/99	Additions	Deductions	Principal Outstanding 06/30/00
General Fund				
Auto Purchase Loans 8.68%	\$3,877	\$0	\$3,877	\$0
Capital Projects Fund				
Energy Conservation Loan	706,078	0	70,926	635,152
Energy Conservation Loan	540,000	0	135,000	405,000
<b>Total</b>	<b>\$1,249,955</b>	<b>\$0</b>	<b>\$209,803</b>	<b>\$1,040,152</b>

In prior years, the School District obtained two four-year loans to purchase two 1995 vehicles for use in the Driver Education Program. The loan was retired from General Fund operating revenue.

In prior years, the School District issued two unvoted general obligation Energy Conservation Loans for the purpose of providing energy conservation measures for the School District and to finance building improvements. The loans are being retired from taxes revenue. The liability is reflected in the permanent improvement capital projects fund which received the proceeds.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2000, are as follows:

Fiscal Year Ending June 30,	Energy Conservation Loans
2001	\$266,052
2002	256,441
2003	246,831
2004	134,071
2005	104,623
2006-2008	235,406
Total Principal and Interest	\$1,243,424
Less: Interest	(203,272)
Total Principal	<u>\$1,040,152</u>

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**15. GENERAL LONG-TERM OBLIGATIONS**

The changes in the School District's long-term obligations during fiscal year 2000 were as follows:

	Principal Outstanding 06/30/99	Additions	Deductions	Principal Outstanding 06/30/00
Compensated Absences	\$1,229,487	\$247,913	\$0	\$1,477,400
Intergovernmental Payable	165,179	174,126	165,179	174,126
Capital Leases	4,079	0	2,076	2,003
Total General Long-Term	<u>\$1,398,745</u>	<u>\$422,039</u>	<u>\$167,255</u>	<u>\$1,653,529</u>

Compensated absences will be paid from the fund from which the employee is paid. The intergovernmental payable represents contractually required pension contributions paid outside the available period and will be paid from the fund from which the employee is paid. The capital lease obligations will be paid from the general fund.

The School District's overall legal debt margin was \$13,755,099 with an unvoted debt margin of \$142,954 at June 30, 2000.

**16. CAPITALIZED LEASES**

In prior years, the School District entered into capitalized leases for two automobiles. Each lease met the criteria of a capital lease as defined by Statement of Financial Accounting Standards No. 13, "Accounting for Leases," which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$26,784, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending June 30,	GLTOAG
<u>2001</u>	<u>\$2,155</u>
Less: Amount Representing Interest	<u>(152)</u>
Present Value of Net Minimum Lease Payments	<u><u>\$2,003</u></u>

**17. INTERFUND ACTIVITY**

As of June 30, 2000, receivables and payables that resulted from various interfund transactions were as follows:

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**17. INTERFUND ACTIVITY (Continued)**

Fund Type/Fund	Interfund Receivable	Interfund Payables
General Fund	\$35	\$0
Special Revenue Funds		
Vocational Education	0	35
Total All Funds	\$35	\$35

**18. SEGMENT INFORMATION FOR ENTERPRISE FUNDS**

The School District maintains three enterprise funds to account for the operations of food service, child care and uniform school supplies. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2000.

	Food Service	Uniform Supplies	After Care	Total Enterprise Funds
Operating Revenues	\$339,888	\$1,685	\$14,125	\$355,698
Depreciation Expense	21,064	0	0	21,064
Operating Loss	(711,414)	(8,172)	(3,452)	(723,038)
Federal Donated Commodities	69,708	0	0	69,708
Operating Grants	495,381	0	0	495,381
Operating Transfers In	5,300	0	0	5,300
Net Loss	(146,325)	(2,872)	(3,452)	(152,649)
Fixed Asset Additions	11,748	0	0	11,748
Net Working Capital	796,987	1	11,762	808,750
Compensated Absences Payable	35,320	0	0	35,320
Total Assets	1,033,422	1	12,390	1,045,813
Total Equity	897,338	1	11,762	909,101
Encumbrances Outstanding at June 30, 2000	\$17,956	0	0	\$17,956

**19. JOINTLY GOVERNED ORGANIZATION**

The Area Cooperative Computer Educational Service System is a jointly governed organization. The School District is a participant in the Area Cooperative Computer Educational Service System (ACCESS) which is a not-for-profit computer consortium. ACCESS's primary function is to provide data processing services to its twenty-three member school districts with the major emphasis being placed on accounting, payroll, personnel records and inventory control services. ACCESS is governed by an assembly consisting of the superintendents (or other designees) of the member school districts. The assembly exercises total control over the operation of ACCESS, including budgeting, appropriating, contracting and designating management. All revenue is generated from State funding and charges for services. The School District paid ACCESS \$65,442 for services provided during the fiscal year ending June 30, 2000.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**20. 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 State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$13,198,792 of school foundation support for its general fund.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County 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 appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The Court concluded, "...the mandate of the [Ohio] Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly...", including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

**21. 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, 2000.

**B. Litigation**

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

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2000  
(Continued)**

**22. SET-ASIDES**

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

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

	Budget Stabilization Reserve	Capital Improvements Reserve	Textbook/ Instructional Materials Reserve
Set-aside Reserve Balance as of June 30, 1999	\$182,889	\$0	\$15,478
Current Year Set-aside Requirement	121,046	363,139	363,139
Current Year Offsets	0	(281,320)	0
Qualifying Disbursements	0	(81,819)	(378,617)
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$303,935</u>	<u>\$0</u>	<u>\$0</u>
Set-Aside Reserve Balance as of June 30, 2000	<u>\$303,935</u>	<u>\$0</u>	<u>\$0</u>

The total reserve balance for the set-asides at the end of the fiscal year was \$303,935. The general fund balance includes \$85,409 that has been designated for the amount of set-asides in excess of requirements.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Federal Receipts	Federal Non-Cash Receipts	Federal Disbursements	Federal Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
Passed Through Ohio Department of Education:						
Nutrition Cluster:						
Food Distribution	N/A	10.550		\$63,097		\$69,708
School Breakfast Program	05-PU 2000	10.553	73,027		73,027	
	05-PU-1999		36,800		36,800	
			109,827		109,827	
National School Lunch Program	03-PU 1999	10.555	146,585		146,585	
	03-PU 2000		256,992		256,992	
			403,577		403,577	
Special Milk Program		10.556				
Total U.S. Department of Agriculture - Nutrition Cluster			513,404	63,097	513,404	69,708
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
Passed Through Ohio Department of Education:						
Adult Education - State Grant Program						
	AB-S1 1998C	84.002	10,549		18,237	
	AB-S1 1999		7,071		8,825	
	AB-S1 2000		24,802		38,575	
Total Adult Education - State Grant Program			42,422		65,637	
Title 1 Grants to Local Educational Agencies						
	C1-S1 1998C	84.010	358,316			
	C1-S1 1999		126,456		359,003	
	C1-S1 2000		1,034,901		1,009,431	
Total Title 1 Program			1,519,673		1,368,434	
Special Education - Grants to States						
	6B-SF 1997P	84.027	(4,187)		4,187	
	6B-SF 1998P		23,867		53,070	
	6B-SF 1999P		247,442		245,513	
Total Special Education - Grants to States			267,122		302,770	
Vocational Education - Basic Grants to States						
	20-C1 1990	84.048			53	
	20-C1 1991				119	
	20-C1 1996				44	
	20-C1 1999		14,675		11,049	
	20-C1 2000		92,720		97,170	
Total Vocational Education - Basic Grants to States			107,395		108,435	
Special Education - Preschool Grants						
	PG-S1 1997P	84.173	(3,731)			
	PG-S1 1999				7,909	
	PG-S1 1999P		19,175		27,173	
Total Special Education - Preschool Grants			15,444		35,082	
Total Safe and Drug-Free Schools and Communities Program						
	DR-S1 1999	84.186	31,756		9,846	
	DR-S1 1999C				7,143	
	DR-S1 1998C				10,955	
	DR-S1 2000		14,940		17,676	
Total Safe and Drug-Free Schools and Communities Program			46,696		45,620	
Goals 2000 - State and Local Education Systemic Improvement						
	G2-S1 1999	84.276			31,093	
	G2-S1 2000		37,898		19,009	
Total Goals 2000 Program			37,898		50,102	
Eisenhower Professional Development State Grants						
	MS-S1 1999	84.281	8,575		300	
	MS-S1 1999C				4,946	
	MS-S1 1998C				9,190	
	MS-S1 2000		25,365		7,848	
Total Eisenhower Professional Development State Grants			33,940		22,284	
Innovative Education Program Strategies						
	C2-S1 1998 C	84.298	(274)		1,117	
	C2-S1 1999 C		3,561		14,513	
	C2-S1 1999				2,135	
	C2-S1 2000		22,944		5,206	
Total Innovative Education Program Strategies			26,231		22,971	
Class Size Reduction Program						
	CR-S1 2000	84.340	151,722		109,242	
Drug-Free Schools Grant						
	Appalachian Grant	84.186				
Total U. S. Department of Education			<b>2,248,543</b>		<b>2,130,577</b>	
<b>Total Federal Awards Receipts and Expenditures</b>			<b>\$2,761,947</b>	<b>\$63,097</b>	<b>\$2,643,981</b>	<b>\$69,708</b>

The accompanying notes to the schedule of federal awards receipts and expenditures is an integral part of this statement.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2000**

**A. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying schedule of federal awards receipts and expenditures is a summary of the activity of the District's federal award programs. The schedule has been prepared on the cash basis of accounting.

**B. NUTRITION CLUSTER**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants and local receipts. It is assumed federal monies are expended first.

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STATE OF OHIO  
OFFICE OF THE AUDITOR

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Youngstown, Ohio 44503

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

East Liverpool City School District  
Columbiana County  
500 Maryland Street  
East Liverpool, Ohio 43920

To the Board of Education:

We have audited the general-purpose financial statements of the East Liverpool City School District, Columbiana County, Ohio, as of and for the year ended June 30, 2000, and have issued our report thereon dated January 12, 2001. 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 East Liverpool 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. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* which are described in the accompanying schedule of findings as items 2000-11215-001 and 2000-11215-002. We also noted certain immaterial instances of noncompliance, which we have reported to management of the District in a separate letter dated January 12, 2001.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered East Liverpool City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of East Liverpool City School District in a separate letter dated January 12, 2001.

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

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

**Jim Petro**  
Auditor of State

January 12, 2001



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

East Liverpool City School District  
Columbiana County  
500 Maryland Street  
East Liverpool, Ohio 43920

To the Board of Education:

**Compliance**

We have audited the compliance of the East Liverpool City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2000. East Liverpool City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of East Liverpool City School District's management. Our responsibility is to express an opinion on East Liverpool City School District's compliance based on our audit.

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

In our opinion, East Liverpool City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

**Internal Control Over Compliance**

The management of East Liverpool 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 East Liverpool City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

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

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

**Jim Petro**  
Auditor of State

January 12, 2001

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000**

<b>1. SUMMARY OF AUDITOR'S RESULTS</b>
----------------------------------------

<b>(d)(1)(i)</b>	<b>Type of Financial Statement Opinion</b>	Unqualified
<b>(d)(1)(ii)</b>	<b>Were there any material control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(ii)</b>	<b>Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?</b>	No
<b>(d)(1)(iii)</b>	<b>Was there any reported material non-compliance at the financial statement level (GAGAS)?</b>	Yes
<b>(d)(1)(iv)</b>	<b>Were there any material internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(iv)</b>	<b>Were there any other reportable internal control weakness conditions reported for major federal programs?</b>	No
<b>(d)(1)(v)</b>	<b>Type of Major Programs' Compliance Opinion</b>	Unqualified
<b>(d)(1)(vi)</b>	<b>Are there any reportable findings under § .510?</b>	No
<b>(d)(1)(vii)</b>	<b>Major Program:</b>	Title 1 CFDA# 84.010 and the Nutrition Cluster CFDA# 10.550, 10.553, 10.555
<b>(d)(1)(viii)</b>	<b>Dollar Threshold: Type AIB Programs</b>	Type A: > \$ 300,000 Type B: all others
<b>(d)(1)(ix)</b>	<b>Low Risk Auditee?</b>	Yes

<b>2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS</b>
-------------------------------------------------------------------------------------------------------------

<b>Finding Number</b>	<b>2000-11215-001</b>
-----------------------	-----------------------

**Ohio Revised Code § 5705.41 (B)** prohibits a subdivision from making an expenditure unless it has been properly appropriated. As of June 30, 2000, 9.8 % of the Special Revenue Fund Type expenditures plus encumbrances were not properly appropriated.

The District should regularly monitor expenditures and appropriations and amend appropriations. When the Board determines additional expenditures are required, the Board should amend as necessary so that the legal spending limits are not exceeded.

**EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2000  
(Continued)**

<b>Finding Number</b>	<b>2000-11215-002</b>
-----------------------	-----------------------

Ohio Revised Code § 5705.39 states that appropriations from each fund are limited to the estimated resources of that fund. During fiscal year 2000, appropriations of the Capital Project Fund Type exceeded the total estimated resources by 6.4%.

The District should not post or consider any appropriation effective until the County Auditor files a certificate with the District that the total appropriations from each fund do not exceed the official certificate of estimated resources or the amended official certificate. The District was advised that Ohio Revised Coded Section 5705.36 permits a subdivision to obtain an amended certificate for revenues received in excess of the prior estimate or from a new source.

<b>3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS</b>
------------------------------------------------------------

**NONE**

EAST LIVERPOOL CITY SCHOOL DISTRICT  
COLUMBIANA COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
JUNE 30, 2000

<b><u>Finding Number</u></b>	<b><u>Finding Summary</u></b>	<b><u>Fully Corrected?</u></b>	<b>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; Explain:</b>
1999-11215-001	Ohio Revised Code § 5705.412 The District failed to execute 412 certificates.	No	Partially Corrected.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

---

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**EAST LIVERPOOL CITY SCHOOL DISTRICT**

**COLUMBIANA COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
MARCH 1, 2001**