

**ZANESVILLE CITY
SCHOOL DISTRICT**

ANNUAL REPORT

YEAR ENDED JUNE 30, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

Board of Education
Zanesville City School District
Zanesville, Ohio 43701

We have reviewed the independent auditor's report of the Zanesville City School District, Muskingum County, prepared by Wolfe, Wilson, & Phillips, Inc, for the audit period July 1, 1999 through June 30, 2000. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

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

JIM PETRO
Auditor of State

January 11, 2001

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
Elected Officials	(i)
Administrative Personnel	(ii)
Index of Funds	(iii)
Independent Auditors' Report	1
Combined Balance Sheet All Fund Types and Account Groups	2-3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances All Governmental Fund Types and Expendable Trust Funds	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances Budget and Actual (Non-GAAP Budgetary Basis) – All Governmental Fund Types	5-7
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings/Fund Balance – All Proprietary Fund Types	8
Combined Statement of Cash Flows – All Proprietary Fund Types	9
Notes to the General Purpose Financial Statements	10-30
Statement of Changes in Assets and Liabilities – Agency Fund	31
Schedule of Federal Awards Expenditures	32
Notes to Schedule of Federal Awards Expenditures	33
Independent Auditors' Report on Compliance and on Internal Control Over Financial Reporting Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	34-35
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance with <i>OMB Circular A-133</i> .	36-37
Schedule of Findings and Questioned Costs	38

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**ELECTED OFFICIALS
AS OF JUNE 30, 2000**

<u>NAME</u>	<u>TITLE</u>	<u>TERM OF OFFICE</u>
Jennifer Stewart	President	1/1/98-12/31/01
Ward Coffman III	Vice President	1/1/00-12/31/03
Mary Antonetz	Member	1/1/00-12/31/03
Mary Lou Ellis	Member	1/1/00-12/31/03
Ann Hoffer	Member	1/1/98-12/31/01

Legal Counsel

Scott Hillis, City Law Director
825 Adair Avenue
Zanesville, Ohio 43701

Official Address

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

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

**ADMINISTRATIVE PERSONNEL
AS OF JUNE 30, 2000**

<u>TITLE/ NAME</u>	<u>TERM OF OFFICE OR CONTRACT PERIOD</u>	<u>SURETY</u>	<u>AMOUNT</u>	<u>PERIOD</u>
<u>Superintendent</u> Michael F. Pockl	8/1/97-7/31/00	(A)	\$20,000	1/1/00-12/31/00
<u>Assistant Superintendent</u> Terry Martin	3/23/98-7/31/01	(A)	\$20,000	1/1/00-12/31/00
<u>Treasurer</u> John Ramshaw	1/14/99-Org. Mtg. 2001	(A)	\$50,000	1/15/00-1/15/01

(A) The Cincinnati Insurance Company

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

GOVERNMENTAL FUND TYPE:

General Fund Type:

General Fund

Special Revenue Fund Type:

Public School Support Fund

Other Grants Fund

Venture Capital Grant Fund

Districted Managed Accounts Fund

Textbook Subsidy

Teacher Development Block Grant Fund

Management Information System Fund

Entry Year Programs Fund

Ohio School Net

Disadvantaged Pupil Impact Aid Fund

Library Automation

Transition Funding Fund

Ohio Reads Grant Fund

Eisenhower Math and Science Grant Fund

Child/Adult Care Food Program Fund

Title I Fund - Special Education Needs of Disadvantaged Children

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

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

School Age Child Care Grant Fund

Drug Free Schools Fund

Miscellaneous Federal Grant Fund

GOALS 2000 Grant Fund

Class Size Reduction Fund

Reading Excellence Fund

Auxiliary Services – Non Public School Fund

Debt Service Fund Types:

Energy Conservation Bond Retirement Fund

Capital Projects Fund Types:

Permanent Improvement Fund

Emergency Building Repair Fund

Technology Equity

PROPRIETARY FUND TYPE:

Enterprise Fund Type:

Food Service Fund

Uniform School Supplies Fund

Latchkey/Muskingum Girls Softball Fund

Internal Service Fund Type:

Internal Services Rotary Fund

FIDUCIARY FUND TYPE:

Expendable Trust Funds

Special Trust Fund

Agency Funds

Student Managed Activity

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

INDEPENDENT AUDITORS' REPORT

Board Of Education
Zanesville City School District
Zanesville, Ohio 43701

We have audited the accompanying general-purpose financial statements of the Zanesville City School District as of and for the year ended June 30, 2000. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

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

In our opinion, except for the effect of adjustments of the items noted above, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Zanesville City School District as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued a report dated January 5, 2001, on our consideration of the Zanesville City School District's internal control structure over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. 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 made for the purpose of forming an opinion on the financial statements of the District, taken as a whole. The accompanying Schedule of Federal Awards Expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations and is not a required part of the general-purpose financial statements. The Statement of Changes in Assets and Liabilities - Agency Fund is also presented for purposes of additional analysis and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly presented, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 5, 2001

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
<u>Assets and Other Debits:</u>				
Assets:				
Cash and Cash Equivalents	\$654,795	\$493,579	\$0	\$30,582
Investments	2,451,213	893,479	0	105,308
Receivables (net of allowance for doubtful accounts):				
Taxes	7,959,958	0	5,445	0
Accounts	6,744	38	0	0
Intergovernmental	16,797	327,214	0	0
Interest	34,973	0	0	0
Interfund Loans Receivable	251,800	0	0	0
Due from Other Funds	35,000	0	0	0
Inventory of Supplies at Cost	2,379	0	0	0
Prepaid Items	54,929	434	0	0
Restricted Assets:				
Cash and Cash Equivalents	470,886	0	0	0
Other Debits:				
Amount to be Provided for				
General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$11,939,474	\$1,714,744	\$5,445	\$135,890
<u>Liabilities, Equity and Other Credits:</u>				
Liabilities:				
Accounts Payable	\$94,559	\$33,172	\$0	\$7,153
Accrued Wages and Benefits	2,908,739	547,693	0	0
Intergovernmental Payables	513,871	104,070	0	0
Interfund Loans Payable	0	109,200	0	99,600
Due to Other Funds	0	0	0	35,000
Due to Others	0	0	0	0
Due to Students	0	0	0	0
Deferred Revenue	7,808	0	0	0
Deferred Revenue - Taxes	7,959,958	0	5,445	0
General Obligation Bond Payable	0	0	0	0
Compensated Absences Payable	0	0	0	0
Capital Lease	0	0	0	0
Total Liabilities	11,484,935	794,135	5,445	141,753
Equity and Other Credits:				
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	327,558	173,824	0	3,932
Statutory Reserves	470,886	0	0	0
Reserved for Supplies Inventory	2,379	0	0	0
Reserved for Prepaid Items	54,929	434	0	0
Unreserved:				
Undesignated	(401,213)	746,351	0	(9,795)
Total Equity and Other Credits	454,539	920,609	0	(5,863)
Total Liabilities, Equity and Other Credits	\$11,939,474	\$1,714,744	\$5,445	\$135,890

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000

<i>Proprietary</i>		<i>Fiduciary</i>	<i>Account</i>	
<i>Fund Types</i>		<i>Fund Types</i>	<i>Group</i>	
Enterprise Funds	Internal Service Fund	Trust and Agency Funds	General Long-Term Obligations	Totals (Memorandum Only)
\$355,349	\$74,002	\$120,773	\$0	\$1,729,080
0	0	0	0	3,450,000
0	0	0	0	7,965,403
375	0	0	0	7,157
16,191	0	0	0	360,202
0	0	0	0	34,973
0	0	0	0	251,800
0	0	0	0	35,000
18,429	0	0	0	20,808
0	0	0	0	55,363
0	0	0	0	470,886
0	0	0	4,000,026	4,000,026
<u>\$390,344</u>	<u>\$74,002</u>	<u>\$120,773</u>	<u>\$4,000,026</u>	<u>\$18,380,698</u>
\$14,127	\$7,225	\$0	\$0	\$156,236
122,330	954	0	0	3,579,716
74,207	1,606	0	201,545	895,299
0	3,000	40,000	0	251,800
0	0	0	0	35,000
0	0	385	0	385
0	0	42,343	0	42,343
11,921	0	0	0	19,729
0	0	0	0	7,965,403
0	0	0	465,000	465,000
71,235	0	0	3,311,233	3,382,468
0	0	0	22,248	22,248
<u>293,820</u>	<u>12,785</u>	<u>82,728</u>	<u>4,000,026</u>	<u>16,815,627</u>
96,524	61,217	0	0	157,741
0	0	55,343	0	560,657
0	0	0	0	470,886
0	0	0	0	2,379
0	0	0	0	55,363
0	0	(17,298)	0	318,045
<u>96,524</u>	<u>61,217</u>	<u>38,045</u>	<u>0</u>	<u>1,565,071</u>
<u>\$390,344</u>	<u>\$74,002</u>	<u>\$120,773</u>	<u>\$4,000,026</u>	<u>\$18,380,698</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
<u>Revenues:</u>						
Local Sources:						
Taxes	\$9,521,480	\$0	\$122,411	\$0	\$0	\$9,643,891
Tuition	628,454	0	0	0	0	628,454
Investment Earnings	344,582	3,074	0	0	0	347,656
Extracurricular Activities	0	193,963	0	0	0	193,963
Class Material and Fees	20,625	0	0	0	0	20,625
Intermediate Sources	41,542	6,000	0	0	0	47,542
Intergovernmental - State	15,440,777	2,224,649	0	1,000	0	17,666,426
Intergovernmental - Federal	1,524	3,199,265	0	0	0	3,200,789
All Other Revenues	65,919	146,180	0	0	64,495	276,594
Total Revenues	26,064,903	5,773,131	122,411	1,000	64,495	32,025,940
<u>Expenditures:</u>						
Current:						
Instruction	15,267,517	3,224,602	0	8,309	12,694	18,513,122
Supporting Services:						
Pupils	1,145,181	205,473	0	0	25,000	1,375,654
Instructional Staff	724,422	721,108	0	0	0	1,445,530
Board of Education	39,111	0	0	0	0	39,111
Administration	2,336,913	235,687	0	0	0	2,572,600
Fiscal Services	508,115	0	0	0	0	508,115
Operation and Maintenance of Plant	2,787,822	48,780	0	0	0	2,836,602
Pupil Transportation	872,092	5,166	0	0	0	877,258
Central	369,373	16,026	0	0	0	385,399
Community Services	113,175	414,157	0	0	0	527,332
Extracurricular Activities	263,364	192,254	0	0	0	455,618
Other Expenditures	1,941	98,038	0	0	0	99,979
Capital Outlay	237,879	36,853	0	308,578	6,400	589,710
Debt Service:						
Principal Retirements	0	0	93,000	0	0	93,000
Interest and Fiscal Charges	0	0	29,411	0	0	29,411
Total Expenditures	24,666,905	5,198,144	122,411	316,887	44,094	30,348,441
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	1,397,998	574,987	0	(315,887)	20,401	1,677,499
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	1,010	0	0	0	0	1,010
Operating Transfers In	58,105	30,052	0	100,000	0	188,157
Operating Transfers Out	(131,000)	(58,105)	0	0	0	(189,105)
Total Other Financing Sources (Uses)	(71,885)	(28,053)	0	100,000	0	62
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under)						
Expenditures and Other Financing Use	1,326,113	546,934	0	(215,887)	20,401	1,677,561
Restated Fund Balance (Deficit)						
Beginning of Year	(871,574)	373,675	0	210,024	17,644	(270,231)
Fund Balance (Deficit) End of Year	\$454,539	\$920,609	\$0	(\$5,863)	\$38,045	\$1,407,330

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>General Fund</u>			<u>Special Revenue Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$9,100,710	\$9,521,480	\$420,770	\$0	\$0	\$0
Tuition	365,000	698,610	333,610	0	0	0
Investment Earnings	200,000	319,330	119,330	625	3,074	2,449
Extracurricular Activities	0	0	0	301,225	193,963	(107,262)
Class Material and Fees	20,000	19,038	(962)	0	0	0
Intermediate Sources	25,740	41,542	15,802	6,000	6,000	0
Intergovernmental - State	15,735,482	15,454,121	(281,361)	2,179,010	2,134,697	(44,313)
Intergovernmental - Federal	1,500	1,524	24	4,972,325	2,962,003	(2,010,322)
All Other Revenues	58,610	70,960	12,350	91,155	153,407	62,252
Total Revenues	<u>25,507,042</u>	<u>26,126,605</u>	<u>619,563</u>	<u>7,550,340</u>	<u>5,453,144</u>	<u>(2,097,196)</u>
Expenditures:						
Current:						
Instruction	15,984,371	15,401,224	583,147	5,176,484	3,141,414	2,035,070
Supporting Services:						
Pupils	1,037,027	1,165,374	(128,347)	341,457	224,978	116,479
Instructional Staff	833,140	797,016	36,124	1,220,559	662,670	557,889
Board of Education	70,655	61,062	9,593	0	0	0
Administration	2,541,029	2,346,002	195,027	295,143	233,590	61,553
Fiscal Services	525,567	524,322	1,245	0	0	0
Operation and Maintenance of Plant	2,946,958	2,791,768	155,190	94,345	50,039	44,306
Pupil Transportation	1,016,262	878,980	137,282	39,660	5,611	34,049
Central	448,993	427,582	21,411	22,429	16,026	6,403
Community Services	103,635	108,911	(5,276)	666,793	461,612	205,181
Extracurricular Activities	296,950	262,933	34,017	385,183	234,434	150,749
Other Expenditures	1,945	1,941	4	160,060	119,731	40,329
Capital Outlay	319,052	241,258	77,794	24,500	48,761	(24,261)
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	<u>26,125,584</u>	<u>25,008,373</u>	<u>1,117,211</u>	<u>8,426,613</u>	<u>5,198,866</u>	<u>3,227,747</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(618,542)	1,118,232	1,736,774	(876,273)	254,278	1,130,551
Other Financing Sources (Uses):						
Proceeds from Sale of Fixed Assets	2,000	1,010	(990)	0	0	0
Operating Transfers In	61,675	58,105	(3,570)	35,000	30,052	(4,948)
Operating Transfers Out	(31,013)	(131,000)	(99,987)	0	(58,105)	(58,105)
Advances In	0	20,250	20,250	0	109,200	109,200
Advances Out	0	(251,800)	(251,800)	0	(20,050)	(20,050)
Total Other Financing Sources (Uses)	<u>32,662</u>	<u>(303,435)</u>	<u>(336,097)</u>	<u>35,000</u>	<u>61,097</u>	<u>26,097</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(585,880)	814,797	1,400,677	(841,273)	315,375	1,156,648
Fund Balance at Beginning of Year	1,995,094	1,995,094	0	675,632	675,632	0
Prior Year Encumbrances	389,888	389,888	0	189,578	189,578	0
Fund Balance at End of Year	<u>\$1,799,102</u>	<u>\$3,199,779</u>	<u>\$1,400,677</u>	<u>\$23,937</u>	<u>\$1,180,585</u>	<u>\$1,156,648</u>

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

(Continued)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>Debt Service Fund</u>			<u>Capital Projects Funds</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$122,411	\$122,411	\$0	\$0	\$0	\$0
Tuition	0	0	0	0	0	0
Investment Earnings	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Class Material and Fees	0	0	0	0	0	0
Intermediate Sources	0	0	0	0	0	0
Intergovernmental - State	0	0	0	0	1,000	1,000
Intergovernmental - Federal	0	0	0	100,000	0	(100,000)
All Other Revenues	0	0	0	0	0	0
Total Revenues	<u>122,411</u>	<u>122,411</u>	<u>0</u>	<u>100,000</u>	<u>1,000</u>	<u>(99,000)</u>
Expenditures:						
Current:						
Instruction	0	0	0	28,036	27,263	773
Supporting Services:						
Pupils	0	0	0	0	0	0
Instructional Staff	0	0	0	0	0	0
Board of Education	0	0	0	0	0	0
Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Operation and Maintenance of Plant	0	0	0	0	0	0
Pupil Transportation	0	0	0	0	0	0
Central	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Other Expenditures	0	0	0	0	0	0
Capital Outlay	0	0	0	393,317	390,715	2,602
Debt Service:						
Principal Retirement	93,000	93,000	0	0	0	0
Interest and Fiscal Charges	29,411	29,411	0	0	0	0
Total Expenditures	<u>122,411</u>	<u>122,411</u>	<u>0</u>	<u>421,353</u>	<u>417,978</u>	<u>3,375</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	0	0	0	(321,353)	(416,978)	(95,625)
<u>Other Financing Sources (Uses):</u>						
Proceeds from Sale of Fixed Assets	0	0	0	0	0	0
Operating Transfers In	0	0	0	0	100,000	100,000
Operating Transfers Out	0	0	0	0	0	0
Advances In	0	0	0	0	99,600	99,600
Advances Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>199,600</u>	<u>199,600</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(321,353)	(217,378)	103,975
Fund Balance at Beginning of Year	0	0	0	67,092	67,092	0
Prior Year Encumbrances	0	0	0	275,091	275,091	0
Fund Balance at End of Year	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>	<u>\$20,830</u>	<u>\$124,805</u>	<u>\$103,975</u>

(Continued)

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FISCAL YEAR ENDED JUNE 30, 2000

	<u>Totals (Memorandum Only)</u>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:			
Local Sources:			
Taxes	\$9,223,121	\$9,643,891	\$420,770
Tuition	365,000	698,610	333,610
Investment Earnings	200,625	322,404	121,779
Extracurricular Activities	301,225	193,963	(107,262)
Class Material and Fees	20,000	19,038	(962)
Intermediate Sources	31,740	47,542	15,802
Intergovernmental - State	17,914,492	17,589,818	(324,674)
Intergovernmental - Federal	5,073,825	2,963,527	(2,110,298)
All Other Revenues	149,765	224,367	74,602
Total Revenues	<u>33,279,793</u>	<u>31,703,160</u>	<u>(1,576,633)</u>
Expenditures:			
Current:			
Instruction	21,188,891	18,569,901	2,618,990
Supporting Services:			
Pupils	1,378,484	1,390,352	(11,868)
Instructional Staff	2,053,699	1,459,686	594,013
Board of Education	70,655	61,062	9,593
Administration	2,836,172	2,579,592	256,580
Fiscal Services	525,567	524,322	1,245
Operation and Maintenance of Plant	3,041,303	2,841,807	199,496
Pupil Transportation	1,055,922	884,591	171,331
Central	471,422	443,608	27,814
Community Services	770,428	570,523	199,905
Extracurricular Activities	682,133	497,367	184,766
Other Expenditures	162,005	121,672	40,333
Capital Outlay	736,869	680,734	56,135
Debt Service:			
Principal Retirement	93,000	93,000	0
Interest and Fiscal Charges	29,411	29,411	0
Total Expenditures	<u>35,095,961</u>	<u>30,747,628</u>	<u>4,348,333</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,816,168)	955,532	2,771,700
<u>Other Financing Sources (Uses):</u>			
Proceeds from Sale of Fixed Assets	2,000	1,010	(990)
Operating Transfers In	96,675	188,157	91,482
Operating Transfers Out	(31,013)	(189,105)	(158,092)
Advances In	0	229,050	229,050
Advances Out	0	(271,850)	(271,850)
Total Other Financing Sources (Uses)	<u>67,662</u>	<u>(42,738)</u>	<u>(110,400)</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,748,506)	912,794	2,661,300
Fund Balance at Beginning of Year	2,737,818	2,737,818	0
Prior Year Encumbrances	854,557	854,557	0
Fund Balance at End of Year	<u>\$1,843,869</u>	<u>\$4,505,169</u>	<u>\$2,661,300</u>

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Proprietary Fund Types</i>		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
<u>Operating Revenues:</u>			
Tuition and Fees	\$151,875	\$9,120	\$160,995
Sales	524,877	0	524,877
Total Operating Revenues	676,752	9,120	685,872
<u>Operating Expenses:</u>			
Salaries and Wages	710,922	23,029	733,951
Fringe Benefits	241,061	5,093	246,154
Contractual Services	50,744	65,675	116,419
Materials and Supplies	664,081	52,272	716,353
Total Operating Expenses	1,666,808	146,069	1,812,877
Operating Loss	(990,056)	(136,949)	(1,127,005)
<u>Non-Operating Revenues:</u>			
Operating Grants	941,179	131,139	1,072,318
Federally Donated Commodities	133,474	0	133,474
Investment Earnings	2,980	0	2,980
Miscellaneous	5,646	18,128	23,774
Total Non-Operating Revenues	1,083,279	149,267	1,232,546
Net Income	93,223	12,318	105,541
Retained Earnings at Beginning of Year	3,301	48,899	52,200
Retained Earnings at End of Year	\$96,524	\$61,217	\$157,741

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY FUND TYPES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	<i>Proprietary Fund Types</i>		Totals (Memorandum Only)
	Enterprise Funds	Internal Service Fund	
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$554,459	\$18,128	\$572,587
Cash Received from Tuition and Fee Payments	151,875	9,120	160,995
Cash Payments for Goods and Services	(574,411)	(112,768)	(687,179)
Cash Payments to Employees for Services and Benefits	(937,745)	(40,734)	(978,479)
Net Cash Used by Operating Activities	<u>(805,822)</u>	<u>(126,254)</u>	<u>(932,076)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	941,179	131,139	1,072,318
Advance In	0	3,000	3,000
Advance Out	0	(200)	(200)
Net Cash Provided by Noncapital Financing Activities	<u>941,179</u>	<u>133,939</u>	<u>1,075,118</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	2,980	0	2,980
Net Cash Provided by Investing Activities	<u>2,980</u>	<u>0</u>	<u>2,980</u>
Net Increase in Cash and Cash Equivalents	138,337	7,685	146,022
Cash and Cash Equivalents at Beginning of Year	217,012	66,317	283,329
Cash and Cash Equivalents at End of Year	<u>\$355,349</u>	<u>\$74,002</u>	<u>\$429,351</u>
<u>Reconciliation of Operating Loss to Net Cash Used by Operating Activities:</u>			
Operating Loss	(\$990,056)	(\$136,949)	(\$1,127,005)
Adjustments to Reconcile Operating Loss to Net Cash Used by Operating Activities:			
Miscellaneous Non-operating Income	5,646	18,128	23,774
Donated Commodities Used During the Year	133,474	0	133,474
Changes in Assets and Liabilities:			
Increase in Accounts Receivable	(114)	0	(114)
Decrease in Intergovernmental Receivable	24,050	0	24,050
Decrease in Inventory	2,864	0	2,864
Decrease in Prepaid Items	17	0	17
Increase (Decrease) in Accounts Payable	5,315	(2,892)	2,423
Increase (Decrease) in Accrued Wages and Benefits	19,845	(1,999)	17,846
Decrease in Intergovernmental Payables	(2,338)	(2,542)	(4,880)
Decrease in Deferred Revenue	(1,239)	0	(1,239)
Decrease in Compensated Absences	(3,286)	0	(3,286)
Total Adjustments	<u>184,234</u>	<u>10,695</u>	<u>194,929</u>
Net Cash Used by Operating Activities	<u>(\$805,822)</u>	<u>(\$126,254)</u>	<u>(\$932,076)</u>

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 238 classified and approximately 377 certified teaching personnel and administrative employees providing education to 4,459 students.

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

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

Enterprise Funds - These funds are used to account for operations that are financed and operated in a manner similar to private business enterprises in which the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Fiduciary Funds

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

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

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

C. Basis of Accounting

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

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

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

Property taxes measurable as of June 30, 2000 but which are not intended to finance fiscal year 2000 operations and delinquent property taxes, whose availability is indeterminate, are recorded as deferred revenue as further described in Note 5.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

C. Basis of Accounting (Continued)

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

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

D. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year.

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

1. Tax Budget

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

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 2000.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

3. Appropriations

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

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$1,326,113	\$546,934	\$0	(\$215,887)
Increase (Decrease):				
Accrued Revenues at June 30, 2000, received during FY 2001	(337,506)	(327,252)	0	0
Accrued Revenues at June 30, 1999, received during FY 2000	167,658	7,265	0	0
Accrued Expenditures at June 30, 2000, paid during FY 2001	3,517,169	794,135	0	141,753
Accrued Expenditures at June 30, 1999, paid during FY 2000	(3,484,849)	(502,698)	0	(132,159)
FY 1999 Prepays for FY 2000	58,256	3,898	0	0
FY 2000 Prepays for FY 2001	(54,929)	(434)	0	0
Encumbrances Outstanding at June 30, 2000	(377,115)	(206,473)	0	(11,085)
Budget Basis	<u>\$814,797</u>	<u>\$315,375</u>	<u>\$0</u>	<u>(\$217,378)</u>

E. Cash and Cash Equivalents

During fiscal year 2000, cash and cash equivalents included amounts in demand deposits, short-term certificates of deposit with original maturities of three months or less, repurchase agreements and the State Treasury Asset Reserve (STAR Ohio). STAR Ohio is a very liquid investment and is reported as a cash equivalent in the general purpose financial statements.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Investments

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

The District has invested funds in the State Treasury Asset Reserve of Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

G. Inventory

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

H. Long-Term Obligations

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

<u>Obligation</u>	<u>Fund</u>
General Obligation Bond	Bond Retirement Fund
Capital Leases	General Fund
Intergovernmental Payable	General Fund, Auxiliary Services Fund, Disadvantaged Pupil Impact Aid Fund, Ohio Reads Fund, Title VI-B Fund, Title I Fund, Miscellaneous Federal Grants Fund, Special Trust Fund
Compensated Absences	General Fund, Food Services Fund

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Administrators and classified staff who work twelve month contracts are granted vacation leave based on length of service and position. Sick leave benefits are accrued as a liability using the termination method. Employees may earn 15 days of sick leave per year up to a maximum of 250 days. Upon retirement, employees will receive one-fourth of the accumulated sick leave up to a maximum of between 55 and 60 days depending upon their job classification. In addition, teachers may earn an additional day of sick leave compensation for each year that they served with perfect attendance. For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

J. Pensions

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

K. Interfund Transactions

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

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

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

M. Reservations of Fund Balance

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

N. Total Columns on Combined Financial Statements

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

NOTE 2 – PRIOR PERIOD ADJUSTMENTS

The beginning balances of the general fund and special revenue fund type were restated as a result of a special revenue fund being closed at June 30, 1999. The accounting changes have resulted in the restatement of beginning fund balance at July 1, 1999 as follows:

<u>Fund Type</u>	<u>Fund Balance/ (Deficit) as Reported 07/01/99</u>	<u>Accounting Adjustment Increase/ (Decrease)</u>	<u>Fund Balance/ (Deficit) as Restated 07/01/99</u>
General Fund	(\$870,679)	(\$895)	(\$871,574)
Special Revenue Funds	372,780	895	373,675

In addition to the above noted changes to fund balance the prior period adjustments had the following effect on prior year excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing uses:

NOTE 2 – PRIOR PERIOD ADJUSTMENTS (Continued)

Fund Type	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Reported 07/01/99	Accounting Error Adjustment Increase/ (Decrease)	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses as Restated 07/01/99
General Fund	\$753,987	(\$919)	\$753,068
Special Revenue Funds	(257,426)	919	(256,507)

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

Fund Deficit -- The fund deficit at June 30, 2000 of \$134,598 in the Emergency Building Repair Fund (capital projects fund) arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis. The deficit does not exist under the cash basis of accounting.

Excess Expenditures over Appropriations – For the year ended June 30, 2000, expenditures exceeded appropriations at the function level in the following funds:

Fund	Excess
General Fund	
Supporting Services - Pupils	\$128,347
Community Services	5,276
Special Revenue Funds	
Venture Capital Fund	
Supporting Services - Pupil Transportation	64
Community Services	319
Teacher Development Fund	
Instruction *	78
DPIA Fund	
Supporting Services - Administration	43,664
Extracurricular Activities	3,911
Capital Outlay	28,103
Drug Free School Grant Fund	
Community Services *	26

* State and federal grants allow for a 10% variance between the amount appropriated and the amount expended as long as the total grant is not exceeded.

The excess expenditures were funded from available fund balance.

NOTE 4 - CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

- United States treasury notes, bills, bonds, or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal or interest by the United States;
- Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
- Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
- Interim deposits in eligible institutions applying for interim funds;
- Bonds and other obligations of the State of Ohio;
- No-load money market mutual funds consisting exclusively of obligations described in the first two bullets of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions, and
- The State Treasury Asset Reserve of Ohio (STAR Ohio).

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

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

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was \$3,146,270 and the bank balance was \$3,492,262. Of the bank balance, \$842,262 was insured by the Federal Deposit Insurance Corporation (FDIC), and all remaining deposits were classified as category 3, covered by pooled collateral.

B. Investments

The District's investments at June 30, 2000 were as follows:

	Category 2	Fair Value
Noncategorized Investments		
STAR Ohio	N/A	\$2,503,696
Total Investments	\$0	\$2,503,696

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	<u>Cash and Cash Equivalents</u>	<u>Investments</u>
Per Combined Balance Sheet	\$2,199,966	\$3,450,000
Certificates of Deposits (with maturities of more than three months)	3,450,000	(3,450,000)
Investments:		
STAR Ohio	<u>(2,503,696)</u>	<u>2,503,696</u>
Per GASB Statement No. 3	<u>\$3,146,270</u>	<u>\$2,503,696</u>

NOTE 5 - PROPERTY TAXES

Property taxes include amounts levied against all real estate and public utility property, and tangible personal property used in business and located in the District. Real property taxes (other than public utility) collected during 2000 were levied after October 1, 1999 on assessed values as of January 1, 1999, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be reappraised every six years and equalization adjustments made the third year following reappraisal. The last revaluation was completed in 1993, and equalization adjustments were made in 1996. Real property taxes are payable annually or semi-annually. The first payment is due January 20, with the remainder payable by June 20.

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

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

NOTE 5 - PROPERTY TAXES (Continued)

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Zanesville City School District. The County Auditor periodically remits to the District its portion of the taxes collected. The assessed values for collection in 2000, upon which the 1999 levies were based, were as follows:

	1999 Second Half <u>Collections</u>	2000 First Half <u>Collections</u>
Agricultural/Residential and Other Real Estate	\$244,933,690	\$247,564,440
Public Utility Personal	24,761,550	22,382,390
Tangible Personal Property	<u>59,321,674</u>	<u>54,803,069</u>
Total Assessed Value	<u>\$329,016,914</u>	<u>\$324,749,899</u>
Tax rate per \$1,000 of assessed valuation	\$43.85	\$44.45

NOTE 6 - RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, interest, accounts receivable and intergovernmental receivables.

NOTE 7 - INTERFUND BALANCES

Individual interfund receivable and payable balances at June 30, 2000, are as follows:

	Interfund Loans <u>Receivable</u>	Interfund Loans <u>Payable</u>
General Fund	\$251,800	\$0
Special Revenue Funds:		
Ohio Reads Fund	0	36,800
Title I Fund	0	30,000
Title VI Fund	0	16,500
Miscellaneous Federal Grants Fund	<u>0</u>	<u>25,900</u>
Total Special Revenue Funds	0	109,200
Capital Project Fund:		
Emergency Building Repair Fund	0	99,600
Expendable Trust Fund:		
Special Trust Fund	0	40,000
Internal Service Fund:		
Rotary Fund	<u>0</u>	<u>3,000</u>
Totals	<u>\$251,800</u>	<u>\$251,800</u>

NOTE 7 - INTERFUND BALANCES (Continued)

	<u>Due From Other Funds</u>	<u>Due to Other Funds</u>
General Fund	\$35,000	\$0
Capital Project Fund:		
Emergency Building Repair Fund	<u>0</u>	<u>35,000</u>
Totals	<u>\$35,000</u>	<u>\$35,000</u>

NOTE 8 - OPERATING TRANSFERS

Following is a summary of operating transfers in and out for all funds at June 30, 2000:

<u>Fund</u>	<u>Transfer In</u>	<u>Transfer Out</u>
General Fund	\$58,105	\$131,000
Special Revenue Funds:		
District Managed Student Activity Fund	30,052	0
Disadvantaged Pupil Impact Aid Fund	<u>0</u>	<u>58,105</u>
Total Special Revenue Funds	30,052	58,105
Capital Projects Fund:		
Permanent Improvement Fund	100,000	0
Agency Fund:		
Student Managed Activity Fund	<u>1,000</u>	<u>52</u>
Total All Funds	<u>\$189,157</u>	<u>\$189,157</u>

NOTE 9 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 2000, 5.5% was allocated to fund the pension benefit and 8.5% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$630,432, \$582,048, and \$544,812, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 2000 employer contribution rate (identified above) that was used to fund health care for the year 1999 was 8.5%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 2000, the minimum pay has been established as \$12,400. The amount contributed to fund health care benefits, including the surcharge amounted to \$409,681.

Health care benefits are financed on a pay-as-you-go basis. The number of retirees and covered dependents currently receiving benefits is approximately 51,000. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999 (the latest information available) were \$126,380,984 and the target level was \$189.6 million. Net assets available for payment of benefits at June 30, 1999 was \$188.0 million.

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. At June 30, 2000, 6% was allocated to fund the pension benefit and 8% to fund health care. The District's contributions to the STRS of Ohio for the years ending June 30, 2000, 1999, and 1998 were \$2,219,304, \$2,074,944, and \$1,980,984, respectively, which were equal to the required contributions for each year.

NOTE 9 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

Benefits are funded on a pay-as-you-go basis through an allocation of employer contributions, equal to 2% of covered payroll, to a Health Care Reserve Fund. However, for the fiscal year ended June 30, 2000, the board allocated employer contributions equal to 8% of covered payroll to the Health Care Reserve Fund, which amounted to \$1,268,174 for the District. The balance of the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the fiscal year ended June 30, 1999, the net health care costs paid by STRS were \$249,929,000. There were 95,796 eligible benefit recipients.

NOTE 10 - COMPENSATED ABSENCES

The District provides a liability for accumulated unpaid sick leave and vacation time benefits when earned by employees. Accrued employee benefits for governmental funds not currently due and payable at year end are recorded in the General Long-Term Obligations Account Group. At June 30, 2000, the total accumulated unpaid sick and vacation time recorded in the General Long-Term Obligations Account Group was:

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$3,241,940	\$69,293	\$3,311,233

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

NOTE 11 - CAPITAL LEASE COMMITMENTS

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

The following is a schedule of the future minimum lease payments under the capital leases together with the present value of the net minimum lease payments as of June 30, 2000:

<u>Year Ending June 30,</u>	<u>Capital Leases</u>
2001	\$18,765
2002	5,112
Minimum Lease Payments	23,877
Less: Amount representing interest at the District's incremental borrowing rate of interest	(1,629)
Present value of minimum lease payments	<u>\$22,248</u>

NOTE 12 - LONG-TERM DEBT AND OTHER OBLIGATIONS

Detail of the changes in the bond, intergovernmental payable, capital lease and compensated absences of the District for the year ended June 30, 2000 is as follows:

		Balance June 30, 1999	Issued (Retired)	Balance June 30, 2000
General Long-Term Debt:				
(General Obligation Bond)				
Energy Conservation Bond	5.750%	\$558,000	(\$93,000)	\$465,000
Total General Long-Term Debt		558,000	(93,000)	465,000
Other General Long-Term Obligations:				
Intergovernmental Payable		187,102	14,443	201,545
Capital Leases Payable		44,772	(22,524)	22,248
Compensated Absences		3,330,139	(18,906)	3,311,233
Total Other General Long-Term Obligations		3,562,013	(26,987)	3,535,026
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$4,120,013</u>	<u>(\$119,987)</u>	<u>\$4,000,026</u>

A. Principal and Interest Requirements

A summary of the District's future long-term debt funding requirements, including principal and interest payments as of June 30, 2000, follows:

Years	General Obligation Bond		
	Principal	Interest	Total
2001	\$93,000	\$29,411	\$122,411
2002	93,000	24,064	117,064
2003	93,000	18,716	111,716
2004	93,000	13,369	106,369
2005	93,000	8,021	101,021
Totals	<u>\$465,000</u>	<u>\$93,581</u>	<u>\$558,581</u>

NOTE 13 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The District maintains three Enterprise Funds to account for the operation of Food Services, Uniform School Supply Sales, and a Latchkey program. The key financial information for the year ended June 30, 2000 for these enterprise activities is as follows:

	Food Services	Uniform School Supply	Latchkey Fund	Total
Operating Revenues	\$524,877	\$11,723	\$140,152	\$676,752
Operating Income (Loss)	(981,251)	8	(8,813)	(990,056)
Net Income (Loss)	95,917	8	(2,702)	93,223
Operating Grants	1,074,188	0	465	1,074,653
Total Assets	359,287	4,690	26,367	390,344
Net Working Capital	153,937	4,690	9,132	167,759
Total Equity	82,702	4,690	9,132	96,524

NOTE 14 – STATUTORY RESERVES

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity (cash-basis) was as follows:

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1999	\$0	\$0	\$470,886	\$470,886
Current Year Set-Aside Requirement	509,045	509,045	0	1,018,090
Current Year Offset Credits	0	0	0	0
Qualifying Disbursements	(509,045)	(509,045)	0	(1,018,090)
Total	<u>\$0</u>	<u>\$0</u>	<u>\$470,886</u>	<u>\$470,886</u>
Cash Balance Carried Forward to FY 2001	<u>\$0</u>	<u>\$0</u>	<u>\$470,886</u>	<u>\$470,886</u>
Amount Restricted for Budget Stabilization				<u>470,886</u>
Total Restricted Assets				<u>\$470,886</u>

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

NOTE 15 - CONTINGENCIES

A. Grants

The District receives financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2000.

B. Litigation

The District is not a party to various legal proceedings which seek damages or injunctive relief generally incidental to its operations and pending projects as of June 30, 2000.

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$13,926,720 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 continue 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.

NOTE 16 - RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. During fiscal year 2000 the District contracted with several different insurance providers for various insurance coverages, as follows:

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

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

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

ZANESVILLE CITY SCHOOL DISTRICT, OHIO
COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES
AGENCY FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 2000

	Balance June 30, 1999	Additions	Deductions	Balance June 30, 2000
<u>District Agency Fund</u>				
Assets:				
Cash and Cash Equivalents	\$542	\$1,427	(\$1,584)	\$385
Total Assets	<u>\$542</u>	<u>\$1,427</u>	<u>(\$1,584)</u>	<u>\$385</u>
Liabilities:				
Due to Others	\$542	\$1,427	(\$1,584)	\$385
Total Liabilities	<u>\$542</u>	<u>\$1,427</u>	<u>(\$1,584)</u>	<u>\$385</u>
<u>Student Managed Activity Fund</u>				
Assets:				
Cash and Cash Equivalents	\$43,991	\$64,401	(\$66,049)	\$42,343
Total Assets	<u>\$43,991</u>	<u>\$64,401</u>	<u>(\$66,049)</u>	<u>\$42,343</u>
Liabilities:				
Due to Students	\$43,991	\$64,401	(\$66,049)	\$42,343
Total Liabilities	<u>\$43,991</u>	<u>\$64,401</u>	<u>(\$66,049)</u>	<u>\$42,343</u>
<u>Totals - All Agency Funds</u>				
Assets:				
Cash and Cash Equivalents	\$44,533	\$65,828	(\$67,633)	\$42,728
Total Assets	<u>\$44,533</u>	<u>\$65,828</u>	<u>(\$67,633)</u>	<u>\$42,728</u>
Liabilities:				
Due to Students	\$43,991	\$64,401	(\$66,049)	\$42,343
Due to Others	542	1,427	(1,584)	385
Total Liabilities	<u>\$44,533</u>	<u>\$65,828</u>	<u>(\$67,633)</u>	<u>\$42,728</u>

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2000**

Federal Grantor/ Sub-Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE:						
Pass through Ohio Department of Education						
Nutrition Cluster						
National School Breakfast Program	n/a	10.553	164,577	-	164,577	-
National School Lunch	n/a	10.555	716,341	-	716,341	-
Food Distribution Program	n/a	10.550	0	121,105	0	133,473
Child Care Food Program	n/a	10.558	1,524	-	1,524	-
Total Nutrition Cluster			882,442	121,105	882,442	133,473
Total U.S. Department of Agriculture			882,442	121,105	882,442	133,473
U.S. DEPARTMENT OF EDUCATION:						
Pass through Ohio Department of Education						
Title I Educationally Deprived Children	045179C1S199	84.010	281,848	-	363,147	-
	045179C1S199C		232,149	-	232,149	-
	045179C1S12000		1,444,607	-	1,212,595	-
			1,958,604	-	1,807,891	-
Title VI-B Special Education Assistance for Handicapped Children	0451796BSF99F	84.027	87,004	-	92,103	-
	0451796BSF00P		404,357	-	335,840	-
			491,361	-	427,943	-
Drug Free Schools	045179DRS199	84.186	-	-	5,463	-
	045179DRS12000		56,182	-	56,182	-
			56,182	-	61,645	-
Even Start - State Educational Agencies	045179EVS399	84.213	11,777	-	29,150	-
	045179EVS399C		12,355	-	12,355	-
	045179EVS32000		71,358	-	88,444	-
			95,490	-	129,949	-
Goals 2000	045179G2S299	84.276	-	-	19,069	-
	051518C2S11999		12,000	-	9,813	-
			12,000	-	28,882	-
Eisenhower Professional Dev. Grant	045179MSS198	84.281	-	-	28,153	-
	045179MSS198		24,781	-	30,139	-
	045179MSS198		10,616	-	685	-
			35,397	-	58,977	-
Innovative Education Program Strategies	045179C2S199	84.298	-	-	6,293	-
	045179C2S199		5,336	-	0	-
	045179C2S199		10,870	-	27,290	-
			16,206	-	33,583	-
Comprehensive School Reform	045719RFS100	84.332	47,500	-	49,327	-
			47,500	-	49,327	-
Reading Excellence	045719SFY2000	84.338	112,212	-	1,903	-
			112,212	-	1,903	-
Title VI-R Class Size Reduction	045719CRSI2000	84.340	72,196	-	91,028	-
			72,196	-	91,028	-
Total U.S. Department of Education			2,897,148	-	2,691,128	-
U.S. DEPARTMENT OF JUSTICE						
Pass through Ohio Office of Criminal Justice Services						
Juvenile Accountability Block Grant		16.523	31,801	-	17,250	-
Total U.S. Department of Justice			31,801	-	17,250	-
Total Federal Awards Expenditures			\$ 3,811,391	\$ 121,105	\$ 3,590,820	\$ 133,473

See notes to Schedule of Federal Awards Expenditures.

**ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A – Significant Account Policies

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

NOTE B – Food Distribution

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. Monies are commingled with the state grants. It is assumed that federal monies are expended first.

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Zanesville City School District
Zanesville, Ohio 43701

We have audited the general-purpose financial statements of Zanesville City School District as of and for the year ended June 30, 2000, and have issued our report thereon dated January 5, 2001, which was qualified because generally accepted accounting principles require that fixed assets be reported in the general fixed assets account group, and fund fixed assets and their associated depreciation costs be reported with the enterprise funds of the District. No fixed assets were reported in the general-purpose financial statements. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether Zanesville City School District's general-purpose financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of Zanesville City School District in a separate letter dated January 5, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Zanesville City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgement could adversely affect the District's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as item 2000-1. 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. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions, and accordingly, would not disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 2000-1 to be a material weakness.

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 5, 2001

**WOLFE, WILSON, & PHILLIPS, INC.
37 SOUTH SEVENTH STREET
ZANESVILLE, OHIO 43701**

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

Board of Education
Zanesville City School District
Zanesville, Ohio 43701

Compliance

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

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

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

Internal Control Over Compliance

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

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

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

Wolfe, Wilson, & Phillips, Inc.
Zanesville, Ohio
January 5, 2001

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
OMB CIRCULAR A – 133 SECTION .505
ZANESVILLE CITY SCHOOL DISTRICT
MUSKINGUM COUNTY
JUNE 30, 2000**

1. AUDITOR'S RESULTS

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

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

Finding 2000-1

Generally accepted accounting principles require that fixed assets for governmental operations be reported in the general fixed asset group, and fund fixed assets and their associated depreciation costs be reported with the enterprise funds of the District. No fixed assets have been included in the general purpose financial statements. A determination of the effects of this departure from generally accepted accounting principles on the general purpose financial statements has not been made. The District is aware of the requirements of GASB 34 and of the need to report fixed assets. They have hired a outside consultant to help prepare a list of their fixed assets and its related depreciation costs, so that they will have the information to report their fixed assets in compliance with the requirements of GASB 34.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

NONE



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

ZANESVILLE CITY SCHOOL DISTRICT

MUSKINGUM COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 25, 2001**