

# ***Audit Report***

***July 1, 2000 through June 30, 2001***



## ***ALLIANCE CITY SCHOOL DISTRICT STARK COUNTY***



*Certified Public Accountants  
& Business Consultants*





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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To the Board of Education  
Alliance City School District  
Alliance, Ohio 44601

We have reviewed the Independent Auditor's Report of the Alliance City School District, Stark County, prepared by Moore Stephens Apple, for the audit period July 1, 2000 to June 30, 2001. 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 Alliance City School District is responsible for compliance with these laws and regulations.

JIM PETRO  
Auditor of State

February 12, 2002

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# ALLIANCE CITY SCHOOL DISTRICT - STARK COUNTY

Audit Report – July 1, 2000 through June 30, 2001

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## Report of Independent Auditors

To the Board of Education  
Alliance City School District  
Alliance, Ohio 44601

We have audited the accompanying general purpose financial statements of the Alliance City School District as of and for the year ended June 30, 2001. These general purpose financial statements are the responsibility of the Alliance City School District's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general purpose financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose 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 Alliance City School District as of June 30, 2001 and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated November 30, 2001 on our consideration of the Alliance City School 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 Alliance City School District, taken as a whole. The accompanying schedule of expenditures of federal awards 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.

*Moore Stephens Apple*

Akron, Ohio  
November 30, 2001

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**General Purpose Financial Statements**

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Alliance City School District  
**Combined Balance Sheet - All Fund Types and Account Groups**  
 June 30, 2001

|  | Governmental Fund Types |                    |                    | Proprietary Fund Types |                  | Fiduciary Fund Types |                     | Account Groups      |                       |                     | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|--------------------|------------------------|------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|--------------------------------|
|  | General                 | Special Revenue    | Debt Service       | Capital Projects       | Enterprise       | Trust and Agency     | General             | Fixed Assets        | Long-Term Obligations | General             |                                |
|  |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| <b>ASSETS AND OTHER DEBITS:</b>                                  |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| Equity in Pooled Cash and Cash Equivalents                       | \$629,204               | \$1,502,667        | \$544,182          | \$9,014,228            | \$729,738        | \$101,922            | \$0                 | \$0                 | \$0                   | \$0                 | \$22,521,941                   |
| Receivables  |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| Taxes  | 6,425,173               | 0                  | 1,270,085          | 340,440                | 0                | 0                    | 0                   | 0                   | 0                     | 0                   | 8,035,698                      |
| Accounts   | 15,674                  | 15,140             | 0                  | 147                    | 3,345            | 1,182                | 0                   | 0                   | 0                     | 0                   | 35,488                         |
| Interest   | 498                     | 731                | 0                  | 1,964                  | 2,017            | 67                   | 0                   | 0                   | 0                     | 0                   | 5,277                          |
| Intergovernmental  | 5,869                   | 5,566              | 0                  | 0                      | 103,633          | 0                    | 0                   | 0                   | 0                     | 0                   | 115,068                        |
| Interfund  | 36,179                  | 0                  | 0                  | 0                      | (3,543)          | 0                    | 0                   | 0                   | 0                     | 0                   | 32,636                         |
| Materials and Supplies   |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| Inventory  | 72,403                  | 0                  | 0                  | 0                      | 45,662           | 0                    | 0                   | 0                   | 0                     | 0                   | 118,065                        |
| Prepaid Items  | 12,271                  | 0                  | 0                  | 0                      | 0                | 0                    | 0                   | 0                   | 0                     | 0                   | 12,271                         |
| Restricted Assets:   |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| Equity in Pooled Cash and Cash Equivalents                       | 720,187                 | 0                  | 0                  | 0                      | 0                | 0                    | 0                   | 0                   | 0                     | 0                   | 720,187                        |
| Fixed Assets (Net where applicable, of Accumulated Depreciation) | 0                       | 0                  | 0                  | 0                      | 33,665           | 0                    | 24,357,515          | 0                   | 0                     | 0                   | 24,391,180                     |
| Other Debits:  |                         |                    |                    |                        |                  |                      |                     |                     |                       |                     |                                |
| Amount available in debt service                                 | 0                       | 0                  | 0                  | 0                      | 0                | 0                    | 0                   | 0                   | 544,182               | 0                   | 544,182                        |
| Amount to be Provided from General Government Resources          | 0                       | 0                  | 0                  | 0                      | 0                | 0                    | 0                   | 0                   | 14,721,371            | 0                   | 14,721,371                     |
| <b>Total Assets and Other Debits</b>                             | <u>\$7,917,458</u>      | <u>\$5,524,104</u> | <u>\$1,814,262</u> | <u>\$10,356,770</u>    | <u>\$914,517</u> | <u>\$103,171</u>     | <u>\$24,357,515</u> | <u>\$15,265,555</u> | <u>\$15,265,555</u>   | <u>\$71,253,366</u> |                                |

(Continued)

The accompanying notes are an integral part of these statements.

Alliance City School District  
**Combined Balance Sheet - All Fund Types and Account Groups**  
 June 30, 2001

|   | Governmental Fund Types |                    |                    |                     | Proprietary Fund Types |                  | Fiduciary Fund Types |                       | Account Groups      |                 |              |
|---|-------------------------|--------------------|--------------------|---------------------|------------------------|------------------|----------------------|-----------------------|---------------------|-----------------|--------------|
|   | General                 | Special Revenue    | Debt Service       | Capital Projects    | Enterprise             | Trust and Agency | General Fixed Assets | Long-Term Obligations | Totals              | Memorandum Only |              |
|   |                         |                    |                    |                     |                        |                  |                      |                       |                     | General         | Fixed Assets |
| <b>LIABILITIES, FUND EQUITY AND OTHER CREDITS:</b>      |                         |                    |                    |                     |                        |                  |                      |                       |                     |                 |              |
| <b>Liabilities:</b>                                     |                         |                    |                    |                     |                        |                  |                      |                       |                     |                 |              |
| Accounts Payable  | \$110,438               | \$40,714           | \$0                | \$859,920           | \$7,331                | \$1,164          | \$0                  | \$0                   | \$1,019,567         |                 |              |
| Accrued Wages and Benefits                              | 2,681,898               | 279,309            | 0                  | 3,300               | 98,540                 | 0                | 0                    | 0                     | 3,053,047           |                 |              |
| Compensated Absences Payable                            | 55,176                  | 0                  | 0                  | 0                   | 48,699                 | 0                | 0                    | 2,796,253             | 2,900,128           |                 |              |
| Intergovernmental Payable                               | 455,630                 | 7,439              | 0                  | 3                   | 2,057                  | 0                | 0                    | 194,312               | 659,441             |                 |              |
| Interfund Payable                                       | 0                       | 32,636             | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 32,636              |                 |              |
| Due to Others   | 0                       | 0                  | 0                  | 0                   | 0                      | 83,044           | 0                    | 0                     | 83,044              |                 |              |
| Deferred Revenue  | 6,242,693               | 0                  | 1,229,755          | 322,200             | 0                      | 0                | 0                    | 0                     | 7,794,648           |                 |              |
| Notes Payable   | 0                       | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 0                   |                 |              |
| Bonds Payable   | 0                       | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 0                   |                 |              |
| <b>Total Liabilities</b>                                | <b>9,545,835</b>        | <b>360,098</b>     | <b>1,229,755</b>   | <b>1,185,421</b>    | <b>146,627</b>         | <b>84,208</b>    | <b>0</b>             | <b>15,265,555</b>     | <b>12,274,990</b>   |                 |              |
| <b>Fund Equity and Other Credits:</b>                   |                         |                    |                    |                     |                        |                  |                      |                       |                     |                 |              |
| Investment in General Fixed Assets                      | 0                       | 0                  | 0                  | 0                   | 0                      | 0                | 24,357,515           | 0                     | 24,357,515          |                 |              |
| Contributed Capital                                     | 0                       | 0                  | 0                  | 0                   | 175,741                | 0                | 0                    | 0                     | 175,741             |                 |              |
| Retained Earnings - Unreserved                          | 0                       | 0                  | 0                  | 0                   | 592,149                | 0                | 0                    | 0                     | 592,149             |                 |              |
| <b>Fund Balances</b>                                    | <b>182,480</b>          | <b>0</b>           | <b>40,330</b>      | <b>18,240</b>       | <b>0</b>               | <b>0</b>         | <b>0</b>             | <b>0</b>              | <b>241,050</b>      |                 |              |
| Reserved for Property Taxes                             | 72,403                  | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 72,403              |                 |              |
| Reserved for Inventory                                  | 79,941                  | 35,841             | 0                  | 11,224,358          | 0                      | 0                | 0                    | 0                     | 11,340,140          |                 |              |
| Reserved for Budget Stabilization                       | 548,658                 | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 548,658             |                 |              |
| Reserved for Textbooks and Supplies                     | 168,575                 | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 168,575             |                 |              |
| Reserved for Capital Improvements                       | 2,954                   | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 2,954               |                 |              |
| Reserved for Prepaid Items                              | 12,277                  | 0                  | 0                  | 0                   | 0                      | 0                | 0                    | 0                     | 12,277              |                 |              |
| Unreserved - Undesignated                               | (2,685,661)             | 1,128,165          | 544,182            | (6,928,758)         | 0                      | 18,962           | 0                    | 0                     | (2,922,110)         |                 |              |
| <b>Total Fund Equity and Other Credits</b>              | <b>(1,628,377)</b>      | <b>1,164,006</b>   | <b>588,512</b>     | <b>18,171,356</b>   | <b>767,800</b>         | <b>18,962</b>    | <b>24,357,515</b>    | <b>0</b>              | <b>43,435,865</b>   |                 |              |
| <b>Total Liabilities, Fund Equity and Other Credits</b> | <b>\$7,917,458</b>      | <b>\$1,524,104</b> | <b>\$1,814,267</b> | <b>\$19,356,779</b> | <b>\$914,517</b>       | <b>\$103,171</b> | <b>\$24,357,515</b>  | <b>\$15,265,555</b>   | <b>\$71,253,366</b> |                 |              |

The accompanying notes are an integral part of these statements.

**Alliance City School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001**

|   | Governmental Fund Types |                    |                   |                     | Totals               |
|---|-------------------------|--------------------|-------------------|---------------------|----------------------|
|   | General                 | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects | (Memorandum<br>Only) |
| <b>REVENUE:</b>                         |                         |                    |                   |                     |                      |
| Taxes                                   | \$5,158,599             | \$104,742          | \$947,203         | \$236,957           | 6,447,501            |
| Tuition and Fees                        | 94,384                  | 0                  | 0                 | 0                   | 94,384               |
| Intergovernmental                       | 13,672,240              | 3,680,275          | 136,492           | 8,622,604           | 26,111,611           |
| Interest                                | 372,918                 | 14,678             | 0                 | 778,373             | 1,165,969            |
| Extracurricular Activities              | 0                       | 314,437            | 0                 | 0                   | 314,437              |
| Classroom Materials & Fees              | 33,142                  | 0                  | 0                 | 0                   | 33,142               |
| Other                                   | 78,070                  | 373,586            | 0                 | 15,067              | 466,723              |
| <b>Total Revenues</b>                   | <b>19,409,353</b>       | <b>4,487,718</b>   | <b>1,083,695</b>  | <b>9,653,001</b>    | <b>34,633,767</b>    |
| <b>EXPENDITURES:</b>                    |                         |                    |                   |                     |                      |
| Current                                 |                         |                    |                   |                     |                      |
| Instruction                             |                         |                    |                   |                     |                      |
| Regular                                 | 10,470,508              | 1,526,220          | 0                 | 80,837              | 12,077,565           |
| Special                                 | 2,135,453               | 1,046,637          | 0                 | 0                   | 3,182,090            |
| Vocational                              | 1,156,402               | 73,454             | 0                 | 0                   | 1,229,856            |
| Other Instruction                       | 287,325                 | 0                  | 0                 | 0                   | 287,325              |
| Support Services                        |                         |                    |                   |                     |                      |
| Pupil                                   | 715,715                 | 479,133            | 0                 | 0                   | 1,194,848            |
| Instructional Staff                     | 565,545                 | 317,376            | 0                 | 0                   | 882,921              |
| Board of Education                      | 19,067                  | 0                  | 0                 | 0                   | 19,067               |
| Administration                          | 1,701,239               | 608,631            | 1,196             | 3,576               | 2,314,642            |
| Fiscal                                  | 193,371                 | 0                  | 0                 | 0                   | 193,371              |
| Business                                | 61,425                  | 16,846             | 0                 | 0                   | 78,271               |
| Operation and Maintenance of Plant      |                         |                    |                   |                     |                      |
| enancement of Plant                     | 2,573,842               | 5,738              | 0                 | 195,477             | 2,775,057            |
| Pupil Transportation                    |                         |                    |                   |                     |                      |
| Central                                 | 454,083                 | 1,411              | 0                 | 0                   | 455,494              |
| Operation of Non-Instructional Services |                         |                    |                   |                     |                      |
| Instructional Services                  | 29,971                  | 54,132             | 0                 | 0                   | 84,103               |
| Extracurricular Activities              | 0                       | 136,800            | 0                 | 0                   | 136,800              |
| Debt Service                            | 292,824                 | 223,460            | 0                 | 823,853             | 1,340,137            |
| Principal and Interest                  | 0                       | 0                  | 13,715,270        | 0                   | 13,715,270           |
| Capital Outlay                          | 28,018                  | 0                  | 0                 | 3,584,857           | 3,612,875            |
| <b>Total Expenditures</b>               | <b>20,684,788</b>       | <b>4,489,838</b>   | <b>13,716,466</b> | <b>4,688,600</b>    | <b>43,579,692</b>    |
| <b>Revenues Over (Under)</b>            |                         |                    |                   |                     |                      |
| Expenditures                            | (1,275,435)             | (2,120)            | (12,632,771)      | 4,964,401           | (8,945,925)          |

(Continued)

The accompanying notes are an integral part of these statements.

Alliance City School District  
 Combined Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001

|  | Governmental Fund Types |                    |                   |                     | Totals<br>(Memorandum<br>Only) |
|--|-------------------------|--------------------|-------------------|---------------------|--------------------------------|
|  | General                 | Special<br>Revenue | Debt<br>Service   | Capital<br>Projects |                                |
| OTHER FINANCING SOURCES (USES):  |                         |                    |                   |                     |                                |
| Proceeds from sale of bonds  | \$0                     | \$0                | \$11,003,491      | \$0                 | 11,003,491                     |
| Proceeds from sale of notes  | <u>0</u>                | <u>0</u>           | <u>1,400,000</u>  | <u>0</u>            | <u>1,400,000</u>               |
| Total Other Financing<br>Sources (uses)  | <u>0</u>                | <u>0</u>           | <u>12,403,491</u> | <u>0</u>            | <u>12,403,491</u>              |
| Total Revenues and Other<br>Financing Sources Over<br>(Under) Expenditures and<br>Other Financing Uses | (1,275,435)             | (2,120)            | (229,280)         | 4,964,401           | 3,457,566                      |
| Fund Balances at<br>Beginning of Year  | (333,362)               | 1,166,126          | 813,792           | 13,206,955          | 14,853,511                     |
| Increase in<br>Reserve for Inventory   | <u>(19,580)</u>         | <u>0</u>           | <u>0</u>          | <u>0</u>            | <u>(19,580)</u>                |
| Fund Balances<br>at End of Year  | <u>\$ (1,628,377)</u>   | <u>\$1,164,006</u> | <u>\$584,512</u>  | <u>\$18,171,356</u> | <u>\$18,291,497</u>            |

The accompanying notes are an integral part of these statements.

**Alliance City School District  
 Combined Statement of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget Basis and Actual  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001**

|  | General Fund       |                     |  |
|--|--------------------|---------------------|--|
|  | Revised<br>Budget  | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES:</b>   |                    |                     |  |
| Taxes  | \$ 6,028,955       | \$ 6,309,429        | \$ 280,474                             |
| Tuition and Fees   | 74,200             | 94,384              | 20,184                                 |
| Intergovernmental  | 13,665,721         | 13,672,240          | 6,519                                  |
| Interest   | 300,000            | 372,918             | 72,918                                 |
| Extracurricular Activities   | -                  | -                   | -                                      |
| Classroom Materials & Fees   | 31,000             | 33,142              | 2,142                                  |
| Other  | 40,000             | 78,070              | 38,070                                 |
| Total Revenues   | <u>20,139,876</u>  | <u>20,560,183</u>   | <u>420,307</u>                         |
| <b>EXPENDITURES:</b>   |                    |                     |  |
| Current  |                    |                     |  |
| Instruction  |                    |                     |  |
| Regular  | 10,610,476         | 10,511,566          | 98,910                                 |
| Special  | 2,099,269          | 2,099,189           | 80                                     |
| Vocational   | 1,152,827          | 1,148,068           | 4,759                                  |
| Adult Continuing   | -                  | -                   | -                                      |
| Other  | 284,319            | 284,319             | -                                      |
| Support Services   |                    |                     |  |
| Pupil  | 736,760            | 736,760             | -                                      |
| Instructional Staff  | 559,823            | 555,724             | 4,099                                  |
| Board of Education   | 19,644             | 19,644              | -                                      |
| Administration   | 1,687,254          | 1,687,254           | -                                      |
| Fiscal   | 192,716            | 192,716             | -                                      |
| Business   | 61,358             | 61,358              | -                                      |
| Operation and Maintenance<br>of Plant  | 2,608,556          | 2,605,602           | 2,954                                  |
| Pupil Transportation   | 521,329            | 459,559             | 61,770                                 |
| Central  | 30,709             | 30,709              | -                                      |
| Food Service Operations  | -                  | -                   | -                                      |
| Extracurricular Activities   | 292,652            | 292,652             | -                                      |
| Building Acquisition and Construction  | 28,018             | 28,018              | -                                      |
| Debt Service   |                    |                     |  |
| Principal Retirement and Interest  | -                  | -                   | -                                      |
| Total Expenditures   | <u>20,885,710</u>  | <u>20,713,138</u>   | <u>172,572</u>                         |
| Revenues Over (Under) Expenditures   | <u>(745,834)</u>   | <u>(152,955)</u>    | <u>592,879</u>                         |
| <b>OTHER FINANCING SOURCES (USES):</b>   |                    |                     |  |
| Proceeds from Sale of Notes  | -                  | -                   | -                                      |
| Proceeds from Sale of Assets   | -                  | -                   | -                                      |
| Advances - In  | -                  | 114,750             | 114,750                                |
| Advances - Out   | -                  | (107,865)           | (107,865)                              |
| Refund of Prior Year Expenditures  | -                  | -                   | -                                      |
| Refund of Prior Year Receipt   | -                  | -                   | -                                      |
| Operating Transfer - In  | -                  | -                   | -                                      |
| Operating Transfers - Out  | (548,659)          | -                   | 548,659                                |
| Pass Throughs  | (63,335)           | -                   | 63,335                                 |
| Total Other Financing Sources (Uses)   | <u>(611,994)</u>   | <u>6,885</u>        | <u>618,879</u>                         |
| Total Revenue and Other Financing<br>Sources Over (Under) Expenditures and<br>Other Financing Uses | <u>(1,357,828)</u> | <u>(146,070)</u>    | <u>1,211,758</u>                       |
| Fund Balances at Beginning of Year   | 1,101,517          | 1,101,517           | -                                      |
| Prior Year Encumbrances  | 256,311            | 256,311             | -                                      |
| Fund Balance at End of Year  | <u>\$ -</u>        | <u>\$ 1,211,758</u> | <u>\$ 1,211,758</u>                    |

The accompanying notes are an integral part of these statements.

| Special Revenue Funds |                     |                                  | Debt Service Funds  |                     |                                  |
|-----------------------|---------------------|----------------------------------|---------------------|---------------------|----------------------------------|
| Revised Budget        | Actual              | Variance Favorable (Unfavorable) | Revised Budget      | Actual              | Variance Favorable (Unfavorable) |
| \$ 109,180            | \$ 104,742          | \$ (4,438)                       | \$ 1,097,931        | \$ 1,072,262        | \$ (25,669)                      |
| 3,675,304             | 3,680,274           | 4,970                            | 37,540              | 136,490             | 98,950                           |
| 4,803                 | 14,676              | 9,873                            | -                   | -                   | -                                |
| 323,480               | 314,436             | (9,044)                          | -                   | -                   | -                                |
| 359,802               | 373,586             | 13,784                           | -                   | -                   | -                                |
| <u>4,472,569</u>      | <u>4,487,714</u>    | <u>15,145</u>                    | <u>1,135,471</u>    | <u>1,208,752</u>    | <u>73,281</u>                    |
| 2,086,664             | 1,488,258           | 598,406                          | -                   | -                   | -                                |
| 1,108,236             | 1,040,398           | 67,838                           | -                   | -                   | -                                |
| 70,659                | 78,006              | (7,347)                          | -                   | -                   | -                                |
| 21,027                | 21,152              | (125)                            | -                   | -                   | -                                |
| 586,210               | 471,559             | 114,651                          | -                   | -                   | -                                |
| 444,578               | 311,334             | 133,244                          | -                   | -                   | -                                |
| 800,900               | 622,825             | 178,075                          | 340,620             | 1,196               | 339,424                          |
| 32,068                | 19,546              | 12,522                           | -                   | -                   | -                                |
| 159,663               | 4,708               | 154,955                          | -                   | -                   | -                                |
| 197                   | 197                 | -                                | -                   | -                   | -                                |
| 82,423                | 57,343              | 25,080                           | -                   | -                   | -                                |
| 130,186               | 125,278             | 4,908                            | -                   | -                   | -                                |
| 229,516               | 201,230             | 28,286                           | -                   | -                   | -                                |
| -                     | -                   | -                                | -                   | -                   | -                                |
| -                     | -                   | -                                | 13,837,985          | 13,715,270          | 122,715                          |
| <u>5,752,327</u>      | <u>4,441,834</u>    | <u>1,310,493</u>                 | <u>14,178,605</u>   | <u>13,716,466</u>   | <u>462,139</u>                   |
| <u>(1,279,758)</u>    | <u>45,880</u>       | <u>1,325,638</u>                 | <u>(13,043,134)</u> | <u>(12,507,714)</u> | <u>535,420</u>                   |
| -                     | -                   | -                                | 12,394,733          | 12,403,491          | 8,758                            |
| -                     | -                   | -                                | -                   | -                   | -                                |
| (54,471)              | 107,865             | 107,865                          | -                   | -                   | -                                |
| -                     | (133,322)           | (78,851)                         | -                   | -                   | -                                |
| -                     | -                   | -                                | -                   | -                   | -                                |
| -                     | -                   | -                                | -                   | -                   | -                                |
| (69,717)              | -                   | 69,717                           | -                   | -                   | -                                |
| <u>(124,188)</u>      | <u>(25,457)</u>     | <u>98,731</u>                    | <u>12,394,733</u>   | <u>12,403,491</u>   | <u>8,758</u>                     |
| (1,403,946)           | 20,423              | 1,424,369                        | (648,401)           | (104,223)           | 544,178                          |
| 1,353,321             | 1,353,321           | -                                | 648,401             | 648,401             | -                                |
| 50,625                | 50,625              | -                                | -                   | -                   | -                                |
| <u>\$ -</u>           | <u>\$ 1,424,369</u> | <u>\$ 1,424,369</u>              | <u>\$ -</u>         | <u>\$ 544,178</u>   | <u>\$ 544,178</u>                |

**Alliance City School District  
 Combined Statement of Revenues, Expenditures, and Changes  
 in Fund Balances - Budget Basis and Actual  
 All Governmental Fund Types  
 For the Fiscal Year Ended June 30, 2001**

|   | Capital Projects Funds |                     |  |
|---|------------------------|---------------------|--|
|   | Revised<br>Budget      | Actual              | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES:</b>  |                        |                     |  |
| Taxes   | \$ 290,506             | \$ 300,597          | \$ 10,091                              |
| Tuition and Fees  |                        | -                   | -                                      |
| Intergovernmental   | 8,623,586              | 8,622,604           | (982)                                  |
| Interest  | 697,000                | 778,373             | 81,373                                 |
| Extracurricular Activities  |                        | -                   | -                                      |
| Classroom Materials & Fees  |                        | -                   | -                                      |
| Other   | 15,000                 | 15,067              | 67                                     |
| <b>Total Revenues</b>   | <u>9,626,092</u>       | <u>9,716,641</u>    | <u>90,549</u>                          |
| <b>EXPENDITURES:</b>  |                        |                     |  |
| Current   |                        |                     |  |
| Instruction   |                        |                     |  |
| Regular   | 149,423                | 143,174             | 6,249                                  |
| Special   |                        | -                   | -                                      |
| Vocational  |                        | -                   | -                                      |
| Adult Continuing  |                        | -                   | -                                      |
| Other   |                        | -                   | -                                      |
| Support Services  |                        |                     |  |
| Pupil   |                        | -                   | -                                      |
| Instructional Staff   |                        | -                   | -                                      |
| Board of Education  |                        | -                   | -                                      |
| Administration  |                        | 3,556               | (3,556)                                |
| Fiscal  |                        | -                   | -                                      |
| Business  |                        | -                   | -                                      |
| Operation and Maintenance<br>of Plant   | 713,996                | 291,252             | 422,744                                |
| Pupil Transportation  |                        | -                   | -                                      |
| Central   |                        | -                   | -                                      |
| Food Service Operations   |                        | -                   | -                                      |
| Extracurricular Activities  |                        | -                   | -                                      |
| Building Acquisition and Construction   | 21,898,047             | 15,480,103          | 6,417,944                              |
| Debt Service  |                        | -                   | -                                      |
| Principal Retirement and Interest   |                        | -                   | -                                      |
| <b>Total Expenditures</b>   | <u>22,761,466</u>      | <u>15,918,085</u>   | <u>6,843,381</u>                       |
| <b>Revenues Over (Under) Expenditures</b>   | <u>(13,135,374)</u>    | <u>(6,201,444)</u>  | <u>6,933,930</u>                       |
| <b>OTHER FINANCING SOURCES (USES):</b>  |                        |                     |  |
| Proceeds from Sale of Notes   |                        | -                   | -                                      |
| Proceeds from Sale of Assets  |                        | -                   | -                                      |
| Advances - In   |                        | -                   | -                                      |
| Advances - Out  |                        | -                   | -                                      |
| Refund of Prior Year Expenditures   |                        | -                   | -                                      |
| Refund of Prior Year Receipt  |                        | -                   | -                                      |
| Operating Transfer - In   |                        | -                   | -                                      |
| Operating Transfers - Out   |                        | -                   | -                                      |
| Pass Through  |                        | -                   | -                                      |
| <b>Total Other Financing Sources (Uses)</b>   | <u>-</u>               | <u>-</u>            | <u>-</u>                               |
| <b>Total Revenue and Other Financing<br/>Sources Over (Under) Expenditures and<br/>Other Financing Uses</b> | <u>(13,135,374)</u>    | <u>(6,201,444)</u>  | <u>6,933,930</u>                       |
| <b>Fund Balances at Beginning of Year</b>   | 13,112,680             | 13,112,680          | -                                      |
| <b>Prior Year Encumbrances</b>  | 22,694                 | 22,694              | -                                      |
| <b>Fund Balance at End of Year</b>  | <u>\$ -</u>            | <u>\$ 6,933,930</u> | <u>\$ 6,933,930</u>                    |

The accompanying notes are an integral part of these statements.

Totals (Memorandum Only)

| Revised<br>Budget | Actual               | Variance<br>Favorable<br>(Unfavorable) |
|-------------------|----------------------|--|
| \$ 7,526,572      | \$ 7,787,030         | \$ 260,458                             |
| 74,200            | 94,384               | 20,184                                 |
| 26,002,151        | 26,111,608           | 109,457                                |
| 1,001,803         | 1,165,967            | 164,164                                |
| 323,480           | 314,436              | (9,044)                                |
| 31,000            | 33,142               | 2,142                                  |
| 414,802           | 466,723              | 51,921                                 |
| <u>35,374,008</u> | <u>35,973,290</u>    | <u>599,282</u>                         |
| 12,846,563        | 12,142,998           | 703,565                                |
| 3,207,505         | 3,139,587            | 67,918                                 |
| 1,223,486         | 1,226,074            | (2,588)                                |
| -                 | -                    | -                                      |
| 305,346           | 305,471              | (125)                                  |
| 1,322,970         | 1,208,319            | 114,651                                |
| 1,004,401         | 867,058              | 137,343                                |
| 19,644            | 19,644               | -                                      |
| 2,828,774         | 2,314,831            | 513,943                                |
| 192,716           | 192,716              | -                                      |
| 93,426            | 80,904               | 12,522                                 |
| 3,482,215         | 2,901,562            | 580,653                                |
| 521,526           | 459,756              | 61,770                                 |
| 113,132           | 88,052               | 25,080                                 |
| 130,186           | 125,278              | 4,908                                  |
| 522,168           | 493,882              | 28,286                                 |
| 21,926,065        | 15,508,121           | 6,417,944                              |
| -                 | -                    | -                                      |
| 13,837,985        | 13,715,270           | 122,715                                |
| <u>63,578,108</u> | <u>54,789,523</u>    | <u>8,788,585</u>                       |
| (28,204,100)      | (18,816,233)         | 9,387,867                              |
| 12,394,733        | 12,403,491           | 8,758                                  |
| -                 | -                    | -                                      |
| -                 | 222,615              | 222,615                                |
| (54,471)          | (241,187)            | (186,716)                              |
| -                 | -                    | -                                      |
| -                 | -                    | -                                      |
| -                 | -                    | -                                      |
| (548,659)         | -                    | 548,659                                |
| (133,052)         | -                    | 133,052                                |
| <u>11,658,551</u> | <u>12,384,919</u>    | <u>726,368</u>                         |
| (16,545,549)      | (6,431,314)          | 10,114,235                             |
| 16,215,919        | 16,215,919           | -                                      |
| 329,630           | 329,630              | -                                      |
| <u>\$ -</u>       | <u>\$ 10,114,235</u> | <u>\$ 10,114,235</u>                   |

**Alliance City School District**  
**Combined Statement of Revenues, Expenses, and Changes in**  
**Retained Earnings - All Proprietary Fund Types and Non-Expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

|   | <u>Enterprise</u> | <u>Non-expendable<br/>Trust</u> | <u>Totals<br/>(Memorandum<br/>Only)</u> |
|---|-------------------|---------------------------------|---|
| <b>OPERATING REVENUES:</b>                |                   |                                 |   |
| Sales                                     | \$626,467         | \$0                             | \$626,467                               |
| Tuition                                   | <u>240,109</u>    | <u>0</u>                        | <u>240,109</u>                          |
| Total Operating Revenues                  | <u>866,576</u>    | <u>0</u>                        | <u>866,576</u>                          |
| <b>OPERATING EXPENSES:</b>                |                   |                                 |   |
| Salaries and Wages                        | 783,895           | 0                               | 783,895                                 |
| Fringe Benefits                           | 234,481           | 0                               | 234,481                                 |
| Contract Services                         | 93,789            | 0                               | 93,789                                  |
| Cost of Sales                             | 613,719           | 0                               | 613,719                                 |
| Other                                     | 0                 | 1,821                           | 1,821                                   |
| Depreciation                              | <u>20,278</u>     | <u>0</u>                        | <u>20,278</u>                           |
| Total Operating Expenses                  | <u>1,746,162</u>  | <u>1,821</u>                    | <u>1,747,983</u>                        |
| Operating Loss                            | <u>(879,586)</u>  | <u>(1,821)</u>                  | <u>(881,407)</u>                        |
| <b>NON-OPERATING REVENUES:</b>            |                   |                                 |   |
| Donated Commodities                       | 100,325           | 0                               | 100,325                                 |
| Operating Grants                          | 837,114           | 0                               | 837,114                                 |
| Interest                                  | 23,550            | 1,157                           | 24,707                                  |
| Other                                     | <u>4,674</u>      | <u>0</u>                        | <u>4,674</u>                            |
| Total Non-Operating Revenues              | <u>965,663</u>    | <u>1,157</u>                    | <u>966,820</u>                          |
|   |                   |                                 | 0                                       |
| Net Income Before Operating Transfers     | 86,077            | (664)                           | 85,413                                  |
| Operating Transfers In                    | 0                 | 0                               | 0                                       |
| Operating Transfers Out                   | <u>0</u>          | <u>0</u>                        | <u>0</u>                                |
| Net Income                                | 86,077            | (664)                           | 85,413                                  |
| Retained Earnings at Beginning<br>of Year | <u>506,072</u>    | <u>19,627</u>                   | <u>525,699</u>                          |
| Retained Earnings at End<br>of Year       | <u>\$592,149</u>  | <u>\$18,963</u>                 | <u>\$611,112</u>                        |

The accompanying notes are an integral part of these statements.

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**Alliance City School District  
 Combined Statement of Revenue, Expenses and Changes in  
 Fund Equity - Budget Basis and Actual  
 All Proprietary Fund Types and Non-Expendable Trust Fund  
 For the Fiscal Year Ended June 30, 2001**

|   | Enterprise Funds  |                   |  |
|---|-------------------|-------------------|--|
|   | Revised<br>Budget | Actual            | Variance<br>Favorable<br>(Unfavorable) |
| <b>REVENUES:</b>  |                   |                   |  |
| Tuition and Fees  | \$ 246,000        | \$ 240,109        | \$ (5,891)                             |
| Sales   | -                 | -                 | -                                      |
| Operating Grants  | -                 | -                 | -                                      |
| Interest  | 12,000            | 23,550            | 11,550                                 |
| Intergovernmental   | 910,700           | 1,112,672         | 201,972                                |
| Food Services   | 322,000           | 349,652           | 27,652                                 |
| Classroom Materials and Fees  | 45,000            | 52,814            | 7,814                                  |
| Other   | 90,800            | 92,769            | 1,969                                  |
| <b>Total Revenue</b>  | <b>1,626,500</b>  | <b>1,871,566</b>  | <b>245,066</b>                         |
| <b>EXPENSES:</b>  |                   |                   |  |
| Salaries and Wages  | 830,518           | 777,274           | 53,244                                 |
| Fringe Benefits   | 250,600           | 234,482           | 16,118                                 |
| Contract Services   | 98,708            | 85,468            | 13,240                                 |
| Supplies  | 936,026           | 590,187           | 345,839                                |
| Other   | 2,000             | 1,764             | 236                                    |
| Capital Outlay  | 41,820            | 14,311            | 27,509                                 |
| <b>Total Expenses</b>   | <b>2,159,672</b>  | <b>1,703,486</b>  | <b>456,186</b>                         |
| <b>Revenues over (Under) Expenses</b>                                       | <b>(533,172)</b>  | <b>168,080</b>    | <b>701,252</b>                         |
| Transfers - In  | -                 | -                 | -                                      |
| Transfers - Out   | -                 | -                 | -                                      |
| Advances - In   | 11,813            | 18,572            | 6,759                                  |
| Advances - Out  | -                 | -                 | -                                      |
| <b>Revenues Over (Under) Expenses,<br/>Advances and Operating Transfers</b> | <b>(521,359)</b>  | <b>186,652</b>    | <b>708,011</b>                         |
| Fund Balance at Beginning of Year   | 514,957           | 514,957           | -                                      |
| Prior Year Appropriated   | 6,402             | 6,402             | -                                      |
| <b>Fund Balances at End of Year</b>   | <b>\$ -</b>       | <b>\$ 708,011</b> | <b>\$ 708,011</b>                      |

The accompanying notes are an integral part of these statements.

| Non-Expendable Trust Fund |                  |                                  | Totals (Memorandum Only) |                   |                                  |
|---------------------------|------------------|----------------------------------|--------------------------|-------------------|----------------------------------|
| Revised Budget            | Actual           | Variance Favorable (Unfavorable) | Revised Budget           | Actual            | Variance Favorable (Unfavorable) |
| \$ -                      | \$ -             | \$ -                             | \$ 246,000               | \$ 240,109        | \$ (5,891)                       |
| -                         | -                | -                                | -                        | -                 | -                                |
| -                         | -                | -                                | -                        | -                 | -                                |
| 950                       | 1,157            | 207                              | 12,950                   | 24,707            | 11,757                           |
| -                         | -                | -                                | 910,700                  | 1,112,672         | 201,972                          |
| -                         | -                | -                                | 322,000                  | 349,652           | 27,652                           |
| -                         | -                | -                                | 45,000                   | 52,814            | 7,814                            |
| 1,000                     | 1,000            | -                                | 91,800                   | 93,769            | 1,969                            |
| <u>1,950</u>              | <u>2,157</u>     | <u>207</u>                       | <u>1,628,450</u>         | <u>1,873,723</u>  | <u>245,273</u>                   |
| -                         | -                | -                                | 830,518                  | 777,274           | 53,244                           |
| -                         | -                | -                                | 250,600                  | 234,482           | 16,118                           |
| -                         | -                | -                                | 98,708                   | 85,468            | 13,240                           |
| -                         | -                | -                                | 936,026                  | 590,187           | 345,839                          |
| 21,576                    | 1,729            | 19,847                           | 23,576                   | 3,493             | 20,083                           |
| -                         | -                | -                                | 41,820                   | 14,311            | 27,509                           |
| <u>21,576</u>             | <u>1,729</u>     | <u>19,847</u>                    | <u>2,181,248</u>         | <u>1,705,215</u>  | <u>476,033</u>                   |
| (19,626)                  | 428              | 20,054                           | (552,798)                | 168,508           | 721,306                          |
| -                         | -                | -                                | -                        | -                 | -                                |
| -                         | -                | -                                | -                        | -                 | -                                |
| -                         | -                | -                                | 11,813                   | 18,572            | 6,759                            |
| -                         | -                | -                                | -                        | -                 | -                                |
| <u>(19,626)</u>           | <u>428</u>       | <u>20,054</u>                    | <u>(540,985)</u>         | <u>187,080</u>    | <u>728,065</u>                   |
| 19,626                    | 19,626           | -                                | 534,583                  | 534,583           | -                                |
| -                         | -                | -                                | 6,402                    | 6,402             | -                                |
| <u>\$ -</u>               | <u>\$ 20,054</u> | <u>\$ 20,054</u>                 | <u>\$ -</u>              | <u>\$ 728,065</u> | <u>\$ 728,065</u>                |

**Alliance City School District**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Non-expendable Trust Fund**  
**For the Fiscal Year Ended June 30, 2001**

**INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS**

|  | Enterprise<br>Fund | Non-Expendable<br>Trust<br>Fund | Totals<br>(Memorandum<br>Only) |
|--|--------------------|---------------------------------|--------------------------------|
| Cash flows from operating activities:  |                    |                                 |                                |
| Operating Loss   | \$ (879,586)       | \$ (1,821)                      | \$ (881,407)                   |
| Adjustments to reconcile operating<br>income to net cash provided by (used<br>in) operating activities |                    |                                 |                                |
| Depreciation   | 20,278             | -                               | 20,278                         |
| Donated commodities in cost of sales   | 99,477             | -                               | 99,477                         |
| Change in assets and liabilities that<br>increase (decrease) cash flow from<br>operations              |                    |                                 |                                |
| Accounts receivable  | 10,549             | -                               | 10,549                         |
| Intergovernmental receivable   | 78,405             | -                               | 78,405                         |
| Accounts payable   | (225)              | -                               | (225)                          |
| Accrued wages and benefits   | (10,539)           | -                               | (10,539)                       |
| Intergovernmental payable  | 74                 | -                               | 74                             |
| Interfund payable  | 18,572             | -                               | 18,572                         |
| Compensated Absences   | 6,621              | -                               | 6,621                          |
| Net cash used in operating<br>activities   | <u>(656,374)</u>   | <u>(1,821)</u>                  | <u>(658,195)</u>               |
| Cash flows from capital and financing activities:  |                    |                                 |                                |
| Operating grants received  | 837,114            | -                               | 837,114                        |
| Other  | 28,224             | 2,249                           | 30,473                         |
| Purchase of fixed assets   | (590)              | -                               | (590)                          |
| Net cash provided by capital and financing<br>activities   | <u>864,748</u>     | <u>2,249</u>                    | <u>866,997</u>                 |
| Net increase in cash and<br>cash equivalents   | 208,374            | 428                             | 208,802                        |
| Cash and cash equivalents - beginning of year  | <u>521,364</u>     | <u>19,627</u>                   | <u>540,991</u>                 |
| Cash and cash equivalents - end of year  | <u>\$ 729,738</u>  | <u>\$ 20,055</u>                | <u>\$ 749,793</u>              |
| Noncash capital, investing and related<br>financing activities:  |                    |                                 |                                |
| Donated commodities received   | \$ 100,325         | \$ -                            | \$ 100,325                     |

The accompanying notes are an integral part of these financial statements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies followed in the preparation of these financial statements are summarized below. These policies conform to generally accepted accounting principles (GAAP) for local governmental units prescribed in the statements issued by the Governmental Accounting Standards Board and other recognized authoritative sources.

1. *Description of the Entity*

The Alliance 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 is a city school district as defined by Section 3311.03 of the Ohio Revised Code. The School District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the School District. Average daily membership (ADM), as of October 1, 2000, was 3,582. The School District employed 310 certified employees and 165 non-certified employees.

Reporting Entity

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

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District does not have any component units.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

1. *Description of the Entity* - Continued

The following activity is included within the reporting entity.

Regina Coeli - The School is operated through the Youngstown Catholic Diocese. Current state legislation provides funding for this parochial school. These monies are received and disbursed by the School District on behalf of the parochial school by the Treasurer of the School District, as directed by the parochial schools. The activity of these state monies by the School District is reflected as a special revenue fund for financial reporting purposes.

The School District is associated with the Stark County Schools Council of Governments risk sharing pool which is described below:

Public Entity Risk Pool - The Stark County Schools Council of Governments Health Benefit Plan is a risk sharing pool created pursuant to state statute for the purpose of carrying out a cooperative program for the provision and administration of health care benefits. The Assembly is the legislative decision-making body of the Council. The Assembly is comprised of the superintendents or executive officers of the members, who have been appointed by the respective governing body of each member.

The intent of the insurance pool is to achieve a reduced, stable and competitive rate for the School District by the grouping with other members of the Health Benefits Program. The experiences of all participating districts are calculated as one and a common premium rate is applied to all member districts. New members must maintain a reserve amount equal to 30 percent of claims paid for the preceding twelve month period.

2. *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

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. *Basis Of Presentation - Fund Accounting - Continued*

segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, 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 expendable available 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.

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) are accounted for through governmental funds. The following are the School District's governmental fund types:

General Fund - This 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 - These funds are established 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 to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

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 those financed by proprietary funds and trust funds).

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. *Basis Of Presentation - Fund Accounting - Continued*

Proprietary Fund Types:

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

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

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 other funds. These include nonexpendable trust and agency funds. Nonexpendable trust and agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

2. *Basis Of Presentation - Fund Accounting – 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.

3. *Measurement Focus and Basis of Accounting*

The accounting and reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a flow of current financial resources measurement focus. With this measurement focus, only current assets and current liabilities are generally included on the combined 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 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 combined balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund type operating statements present increases (e.g., revenues) and decreases (e.g., expenses) in net total assets.

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

The modified accrual basis of accounting is followed for the governmental and agency funds. 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 year end. In applying the accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

3. *Measurement Focus and Basis of Accounting* - Continued

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise in the governmental funds when a potential revenue does not meet with the measurable and available criteria for recognition in the current period. In subsequent periods, 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, 2001 and delinquent property taxes that are intended to finance fiscal year 2002 operations have been recorded as deferred revenue as more fully described in Note C.

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 fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable. Unbilled service charges receivable are recognized as revenue at year end. 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 nonoperating revenue.

4. *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.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

Any budgetary modification at this level may only be made by resolution of the Board of Education.

Tax Budget:

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

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

Estimated Resources:

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the School District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered cash balances from the preceding year.

The Certificate may be further amended during the year if projected increases or decreases in revenue are identified by the School District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final Amended Certificate issued during fiscal year 2001.

Appropriations:

By October 1, the annual appropriation resolution must be legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation resolution, the Board may pass a temporary resolution to meet the ordinary expenses of the School District. Appropriations by fund must be within

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

the estimated resources as certified by the County Budget Commission, and the total of expenditures and encumbrances may not exceed the appropriation at any level of control. Any revisions that alter the total of any fund appropriation or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental fund appropriations were legally enacted, however, the amount of the increases were not significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all amendments and modifications. Formal budgetary integration is employed as a management control device during the year for all funds, consistent with statutory provisions.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are encumbered and recorded as the equivalent of expenditures on the 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 year end are reported as a reservation of fund balances for subsequent year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

At the close of each 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 need not be reappropriated.

Budgetary Basis of Accounting:

While the School District is reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principles (GAAP basis), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget Basis and Actual - All Governmental Fund Types and the Combined

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

Statement of Revenues, Expenses and Changes in Fund Equity - Budget Basis and Actual - All Proprietary Fund Types are presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and the GAAP basis are:

1. Revenues are reported when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures/expenses are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as a note disclosure for proprietary fund types (GAAP basis).

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

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

|   | General        | Special<br>Revenue | Debt<br>Service | Capital<br>Projects |
|---|----------------|--------------------|-----------------|---------------------|
| GAAP Basis                                    | \$ (1,275,435) | \$ (2,120)         | \$(229,280)     | \$ 4,964,401        |
| Net Adjustment for<br>Revenue Accruals        | 1,150,830      | (4)                | 125,057         | 63,640              |
| Net Adjustment for<br>Expenditure<br>Accruals | 28,350         | 48,004             | 0               | (11,229,485)        |
| Other Sources/Uses<br>- Net                   | 6,885          | (25,457)           |                 | 0                   |
| Budget Basis                                  | \$ (146,070)   | \$ 20,423          | \$(104,223)     | \$ (6,201,444)      |

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

4. *Budgetary Data* – Continued

**Net Income (Loss)/Revenues Over (Under)  
Expenses, Advances and Operating Transfers  
Proprietary Fund Types**

|                                     | Enterprise | Non-<br>expendable<br>Trust Fund |
|-------------------------------------|------------|----------------------------------|
| GAAP Basis                          | \$ 86,077  | \$ (664)                         |
| Net Adjustment for Revenue Accruals | 39,327     | 1,000                            |
| Commodities Received                | (100,325)  | 0                                |
| Net Adjustment for Expense Accruals | 60,390     | 92                               |
| Other Sources/Uses - Net            | (18,572)   | 0                                |
| Commodities Used                    | 99,477     | 0                                |
| Depreciation                        | 20,278     | 0                                |
| Budget Basis                        | \$ 186,652 | \$ 428                           |

5. *Pooled Cash, Cash Equivalents and Investments*

To improve cash management, all cash received by the School District is pooled in various accounts. Monies for all funds, including proprietary funds, are maintained in these accounts or temporarily used to purchase short-term investments.

Individual fund integrity is maintained through the 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. During fiscal year 2001, investments were limited to Repurchase Agreements and STAROhio, the State Treasurer's Investment Pool.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity 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 that are not purchased from the pool are reported as investments.

The amounts of this pooled investment are reflected on the Combined Balance Sheet as Equity in Pooled Cash and Cash Equivalents.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. *Pooled Cash, Cash Equivalents and Investments* – Continued

Legal Requirements:

Statutes require the classification of moneys held by the School District into three categories.

Category A consists of "active" moneys, those moneys required to be kept in a "cash" or a "near cash" status for immediate use by the School District. Such moneys must be maintained either as cash in the School District treasury or negotiable order of withdrawal (NOW) accounts.

Category B consists of "inactive" moneys, those moneys not required for use within the current two-year period of designation of depositories. Inactive moneys 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 C consists of "interim" moneys, those moneys which are not needed for immediate use but which will be needed before the end of the current period of depositories. Interim moneys may be invested or deposited 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 or interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the federal national mortgage association, federal home loan bank, federal farm credit bank, federal home loan mortgage corporation, government national mortgage association, and student loan marketing association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Legal Requirements: - Continued

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 (STAROhio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim 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.

Protection of the School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution 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.

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.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

5. *Pooled Cash, Cash Equivalents and Investments* – Continued

Legal Requirements: - Continued

Deposits:

At year end, the carrying amount of the School District's cash deposits was \$(22,116) and the bank balance was \$424,710. Of the bank's balance:

1. \$100,000 was covered by the federal depository insurance, by collateral held by the School District, or by collateral held by a qualified third party trustee in the name of the School District;
2. \$324,710 was uninsured and uncollateralized as defined by the Governmental Accounting Standards Board because the collateral pledged by the financial institution or their trust departments or agents is not in the School District's name, due to the fact that the pledging bank has an investment and securities pool used to collateralize all public deposits. This pool had a market value at June 30, 2001 in excess of 110% of the public funds on deposit.

Statutory provisions require that collateral pledged for deposits be held in trust by an institution other than the pledging bank.

Investments:

The School District's investments are categorized below to give an indication of the level of risk assumed by the entity at year end.

1. Securities held by the entity or its agent in the entity's name (Category 1).
2. Securities held by the counterparty's trust department or agent in the entity's name (Category 2).
3. Securities held by the counterparty, or by its trust department or agent, but not in the entity's name (Category 3).

Statutory provisions require that all securities acquired by the School District be held by the School District treasurer or deposited with a qualified trustee unless the counterparty is a designated depository of the School District for the current period of designation of depositories, in which case the securities may be held in trust by the depository.

**ALLIANCE CITY SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

**NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued**

**5. Pooled Cash, Cash Equivalents and Investments - Continued**

Investments – Continued

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

|                          | Category<br>1 | Category<br>2 | Category<br>3 | Carrying<br>Value | Market<br>Value |
|--------------------------|---------------|---------------|---------------|-------------------|-----------------|
| STAROhio                 | \$ 0          | \$ 0          | \$ 0          | \$22,901,833      | \$22,901,833    |
| Repurchase<br>Agreement  |               |               |               |                   |                 |
| U.S.<br>Treasury<br>Note |               |               | 362,369       | 362,369           | 362,369         |
|                          | \$ 0          | \$ 0          | \$362,369     | \$23,264,202      | \$23,264,202    |

The Classification of cash and cash equivalents and investments on the combined balance sheet is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined balance sheet and the classification per GASB Statement No. 3 is as follows:

|                      | Cash and Cash<br>Equivalents/<br>Deposits | Investments   |
|----------------------|---|---------------|
| GASB Statement No. 9 | \$ 23,242,086                             | \$            |
| Investments:         |   |               |
| Repurchase Agreement | (362,369)                                 | 362,369       |
| STAROhio             | (22,901,933)                              | 22,901,833    |
| GASB Statement No. 3 | \$ (22,116)                               | \$ 23,264,202 |

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

6. *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 costs of inventory items are recorded as expenditures in the governmental fund types when purchased and as expenses in the proprietary fund types when used. Reported materials and supplies inventory is equally offset by a fund balance reserve in the governmental funds which indicates that it does not constitute available spendable resources even though it is a component of net current assets. Inventory in the enterprise funds consists of purchased food, donated commodities and school supplies held for resale and are expensed when used.

7. *Fixed Assets and Depreciation*

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction 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 the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. The School District has established a capitalization threshold for fixed assets at \$1,000.

Books, records, movies, and other learning aids kept at the School District Library are also included for reporting purposes. The School District does not possess any infrastructure.

The cost 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 and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line basis over an estimated useful life of five to ten years.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. *Intergovernmental Revenues*

For governmental funds, intergovernmental revenue, such as grants awarded on a non-reimbursement basis and entitlements, 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 received for proprietary fund operating purposes 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

Non-Reimbursable Grants

Special Revenue Funds

Title 1

Chapter 2

Drug Free Schools

Title VI-B

Disadvantaged Pupils

Special Education - Title VI-B - Handicapped  
Children

Carl Perkins Vocational

Carl Perkins Adult

Community Service - Perkins Grant

Highway Safety Youth

Job Training Partnership

Title II Eisenhower Grant

Fund for the Improvement of Education

State School Improvement Grant

Rockhill Pacesetter Grant

Innovative Education Program Strategies

Medicare Assistance Program

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

8. *Intergovernmental Revenues* – Continued

Capital Projects Funds  
School Net Grant

Proprietary Funds  
Federal Revenue - Latchkey  
Stafford Student Loans

Agency Fund  
Pell Grant

Reimbursable Grants  
Proprietary Funds  
National School Lunch Program  
National School Breakfast Program  
Government Donated Commodities  
National School Summer Feeding

Grants and entitlements amounted to approximately 66 percent of the School District's operating revenue during the 2001 fiscal year.

9. *Prepaid Items*

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items.

10. *Short-Term, Interfund Assets/Liabilities*

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as interfund receivables/payables.

11. *Compensated Absences*

Employees earn vacation at rates specified by Union Contractual Agreement based on credit service. Administrative and 260 day employees are entitled to vacation ranging from 5 to 20 days. Employees with less than one year of service hired prior to February 1 earn 5 days vacation.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

11. *Compensated Absences* – Continued

All employees are entitled to a sick leave credit equal to 1¼ days for each month of service. This sick leave will either be absorbed by time off due to illness or injury or, within certain limitations, be paid to the employee upon retirement. The amount paid to an employee upon retirement is limited to 47 days of sick leave. The total maximum is 47 days for certified employees and 44 days for noncertified employees. The School District accounts for compensated absences in accordance with GASB Statement No. 16 and using the vested method recorded an estimated long-term liability of \$2,796,253 for severance pay and sick and vacation leave payable at June 30, 2001. The amount has been recorded in the General Long-Term Obligations Account Group.

12. *Contributed Capital*

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

13. *Long-Term Debt*

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year.

For other long-term obligations, only that portion expected to be financed from expendable, available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations are reported in the general long-term obligations account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

13. *Long-Term Debt* – Continued

Under Ohio Law, a debt retirement fund must be created and used for the payment of all debt principal and interest. Generally accepted accounting principles require the allocation of the obligations liability between the debt service fund and the general long-term debt account group, with principal and interest payments on matured general long-term debt reported in the debt service fund. To comply with GAAP reporting requirements, the School District's debt retirement fund has been split among the appropriate funds and account group. Debt service fund resources used to pay both the principal and interest have also been allocated accordingly.

14. *Interfund Transactions*

Quasi-external transactions are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures or expenses initially made from it that are properly applicable to another fund, are recorded as expenditures or expenses in the reimbursing fund and as reductions of expenditures or 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.

15. *Fund Equity*

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available, spendable resources and, therefore, are not available for expenditure. Undesignated fund balance indicates that portion of fund equity which is available for reappropriation in future periods. Fund equity reserves are established for encumbrances, inventory, prepaid items, property taxes, budget stabilization, and for textbook acquisition. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under state statutes.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

16. *Proprietary Fund Accounting*

Under the guidelines of GASB Statement No. 20, "Accounting and Financial Reporting and Other Governmental Entities that use Proprietary Fund Accounting," the School District has elected not to apply Financial Accounting Standards Board Statements and Interpretations issued after November 30, 1989 to its proprietary activities.

17. *Restricted Assets*

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve and for textbook acquisition. 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.

18. *Estimates*

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

19. *Total Columns on General Purpose Financial Statements*

Total columns on the general purpose financial statements are captioned (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.

20. *Change in Accounting Principles*

For fiscal year 2001, the Center has implemented GASB Statement No. 33, "Accounting and Financial Reporting for Nonexchange Transactions" and GASB Statement No. 36, "Recipient Reporting for Certain Shared Nonexchange Revenue." At June 30, 2001, there was no effect on beginning fund balance due to this implementation.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

**NOTE B – FUND DEFICITS**

Fund balances at June 30, 2001 included the following individual fund deficits:

|                           | <b>Deficit Fund Balances</b> |
|---------------------------|------------------------------|
| General Fund              | \$ 1,628,377                 |
| Special Revenue Funds     |                              |
| Foreign Language          | 7,780                        |
| School Age Child Day Care | 513                          |
| Career Development        | 200                          |

The deficit fund balances resulted from adjustments for accrued liabilities. The general fund is liable for any deficit in these funds and provides operating transfers when cash is required, not when accruals occur.

**NOTE C - PROPERTY TAX**

The School District is located in Stark, Columbiana and Mahoning Counties and receives tax distributions from each county. Real property taxes are levied on assessed values which equal 35% of appraised value. The County Auditor reappraises all real property every six years with a triennial update. The last update was completed for tax year 1997.

Real property taxes become a lien on all non-exempt real property located in the county on January 1. Real property taxes are payable annually or semiannually. If paid annually, payment is due December 31; if paid semiannually, the first payment is due December 31 with the remainder payable by June 20th of the following year. Under certain circumstances, state statute permits later payment dates to be established.

For all three counties, the full tax rate applied to real property for tax (calendar) year 2000 was \$54.40 per \$1,000 of assessed valuation. After adjustment of the rate for inflationary increases in property values, the effective tax rate for each county was as follows:

| <b>Real Property Classified as Residential or Agricultural</b> |  |
|--|--|
| County   | Rate (per \$1,000 of assessed valuation) |
| Stark  | \$26.89                                  |
| Columbiana   | 26.89                                    |
| Mahoning   | 26.89                                    |

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**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

**NOTE C - PROPERTY TAX - Continued**

**All Other Real Property**

| County     | Rate (per \$1,000 of assessed valuation) |
|------------|--|
| Stark      | \$37.70                                  |
| Columbiana | 37.70                                    |
| Mahoning   | 37.70                                    |

Real property owners' tax bills are further reduced by homestead and rollback deductions, when applicable. The amount of these homestead and rollback reductions is reimbursed to the School District by the State of Ohio.

Owners of tangible personal property are required to file a list of such property, including costs, by April 30 of each year. The property is assessed for tax purposes at varying statutory percentages of cost. The tax rate applied to tangible personal property for tax (calendar) year 2000 was \$54.40 per \$1,000 of assessed valuation.

For all three counties combined, the assessed valuations for real property and tangible personal property are as follows:

**Real Property - 2000 Valuation**

|                          |                |
|--------------------------|----------------|
| Residential/Agricultural | \$ 151,348,280 |
| Commercial/Industrial    | 47,173,310     |

**Tangible Personal Property – 2000 Valuation**

|                        |                       |
|------------------------|-----------------------|
| General                | 39,740,386            |
| Public Utilities       | 15,754,970            |
| <b>Total Valuation</b> | <b>\$ 254,016,946</b> |

The County Treasurer collects property tax on behalf of all taxing districts within the county. The County Auditor periodically remits to the taxing districts their portions of the taxes collected.

Accrued property taxes receivable represent taxes outstanding on real property, personal property and public utility property which became measurable as of June 30, 2001. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available and received as an advance at June 30, 2001 was \$241,050 and is recognized as revenue.

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS

June 30, 2001

NOTE D - INSURANCE

1. *Property Insurance*

The School District maintains comprehensive insurance coverage with private carriers for real property, building contents and vehicles. Vehicle policies include liability coverage for bodily injury and property damage. Real property and contents are 90% coinsured.

2. *Health Benefit Program*

The School District is a member of the Stark County Schools Council (the Council), through which a cooperative Health Benefit Program was created for the benefit of its members. The Health Benefit Program (the Program) is an employee health benefit plan which covers the participating members' employees. The Council acts as a fiscal agent for the cash funds paid into the program by the participating school districts. These funds are pooled together for the purposes of paying health benefit claims of employees and their covered dependents, administrative expenses of the program and premiums for stop-loss insurance coverage. The School District accounts for the premiums paid as expenditures in the general or applicable fund.

3. *Group Insurance Pool*

The Stark County Council of Governments has created a group insurance pool for the purpose of creating a group rating plan for workers' compensation. The group is comprised of the treasurers of the members who have been appointed by the respective governing body of each member.

The intent of the pool is to achieve a reduced rate for the School District by the grouping with other members of the groups. The injury claim history of all participating members is used to calculate a common rate for the group. An annual fee is paid to Comp Management, Inc. to administer the group and to manage any injury claims. Premium savings created by the group are prorated to each member entities annually based on its payroll percent of the group.

**ALLIANCE CITY SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

**NOTE E - FIXED ASSETS**

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

|                                | Balance<br>July 1, 2000 | Additions           | Deletions        | Balance<br>June 30,<br>2001 |
|--------------------------------|-------------------------|---------------------|------------------|-----------------------------|
| Land and Buildings             | \$ 16,589,951           | \$ 2,014,349        | \$ 0             | \$ 18,604,300               |
| Furniture and<br>Equipment     | 3,561,009               | 357,227             | 14,834           | 3,903,402                   |
| Vehicles                       | 993,997                 | 57,637              | 0                | 1,051,634                   |
| Textbooks and<br>Library Books | 798,179                 |                     | 0                | 798,179                     |
| Total                          | <u>\$ 21,943,136</u>    | <u>\$ 2,429,213</u> | <u>\$ 14,834</u> | <u>\$ 24,357,515</u>        |

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

|                               |                  |
|-------------------------------|------------------|
| Furniture and Equipment       | \$ 230,027       |
| Less Accumulated Depreciation | <u>(196,362)</u> |
| Net Fixed Assets              | <u>\$ 33,665</u> |

**NOTE F - LONG-TERM OBLIGATIONS**

Long-term obligations of the School District as of June 30, 2001 were as follows:

|  | Outstanding<br>July 1, 2000 | Additions  | Reductions | Outstanding<br>June 30,<br>2001 |
|--|-----------------------------|------------|------------|---------------------------------|
| SERS Payable   | \$ 166,108                  | \$ 194,312 | \$ 166,108 | \$ 194,312                      |
| Land acquisition and<br>matching funds note, 4.75<br>– 4.81% | 10,965,000                  | 1,400,000  | 12,365,000 | 0                               |
| General Obligation Bond,<br>1991                             | 1,705,000                   | 0          | 200,000    | 1,505,000                       |

**ALLIANCE CITY SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

---

**June 30, 2001**

**NOTE F - LONG-TERM OBLIGATIONS - Continued**

|                                     | Outstanding<br>July 1, 2000 | Additions    | Reductions   | Outstanding<br>June 30,<br>2001 |
|-------------------------------------|-----------------------------|--------------|--------------|---------------------------------|
| OSFC Matching Funds<br>Bond, 2000   | 0                           | 9,564,990    | 195,000      | 9,369,990                       |
| OSFC Land Acquisition<br>Bond, 2001 | 0                           | 1,400,000    | 0            | 1,400,000                       |
| Compensated Absences                | 2,951,166                   | 0            | 154,913      | 2,796,253                       |
| Totals                              | \$ 15,787,274               | \$12,559,302 | \$13,081,021 | \$15,265,555                    |

The land acquisition and matching funds note was issued in anticipation of the issuance of bonds in fiscal year 2002 and will be repaid from the bond proceeds.

Bond debt principal and interest requirements for the next five years are as follows:

|               |               |
|---------------|---------------|
| June 30, 2002 | \$ 1,116,405  |
| June 30, 2003 | 1,108,451     |
| June 30, 2004 | 1,108,424     |
| June 30, 2005 | 1,121,304     |
| June 30, 2006 | 1,136,473     |
| Thereafter    | 16,078,252    |
| Total         | \$ 21,669,309 |

**NOTE G - RETIREMENT PLANS**

The School District provides retirement benefits to all certified employees under the State Teachers' Retirement System and to all noncertified employees under the School Employees Retirement System. Both systems are cost-sharing, multiple-employer plans.

**1. State Teachers' Retirement System (STRS)**

The School District contributes to the State Teachers' Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers' Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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**June 30, 2001**

**NOTE G - RETIREMENT PLANS – Continued**

1. *State Teachers' Retirement System (STRS) – Continued*

STRS. The report may be obtained by writing to the State Teachers' Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the School District is required to contribute 14 percent; 10.5 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000 and 1999 were \$1,870,692, \$1,850,796, and \$1,820,580, respectively; 83 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$321,584, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

2. *School Employees Retirement System (SERS)*

The School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The 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 14 percent; 9.02 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by state statute. The adequacy of the contribution rates is determined annually. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$540,630, \$517,680, and \$518,082, respectively; 48 percent has been contributed for fiscal year 2001 and 100 percent for the fiscal years 2000 and 1999. \$249,162, representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds and the general long-term obligations account group.

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

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June 30, 2001

NOTE G - RETIREMENT PLANS – Continued

3. *Post-Employment 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 noncertified 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.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of monthly premiums. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contributions rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid. As of July 1, 2000, eligible benefit recipients totaled 99,011. For the fiscal year ended June 30, 2000, net health care costs paid by STRS statewide were \$283.137 million.

For SERS, coverage is made available to service retirees with ten or more fiscal 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 percent of the premium.

For the fiscal year, employer contributions to fund health care benefits were 4.98 percent of covered payroll. 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 has been established at \$12,400. The number of participants currently receiving health care benefits is 50,000. At June 30, 2000, the net assets available for payment of health care benefits was \$140.7 million.

**ALLIANCE CITY SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

---

**June 30, 2001**

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

The School District maintains four enterprise funds, food service, uniform school supplies, customer service, and adult continuing education, which are operated on a sales basis. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the School District for the fiscal year ended June 30, 2001:

|                                       | Food<br>Service | Uniform<br>School<br>Supplies | Customer<br>Service | Adult<br>Continuing<br>Education | Total     |
|---------------------------------------|-----------------|-------------------------------|---------------------|----------------------------------|-----------|
| Operating Revenues                    | \$ 349,652      | \$40,998                      | \$11,189            | \$464,737                        | \$866,576 |
| Operating Expenses                    |                 |                               |                     |                                  |           |
| Before Depreciation                   | 1,174,058       | 31,853                        | 9,598               | 516,032                          | 1,725,884 |
| Depreciation                          | 14,621          | 0                             | 0                   | 5,657                            | 20,278    |
| Operating<br>Income/(Loss)            | (839,027)       | 9,145                         | 1,591               | (51,295)                         | (879,586) |
| Operating Grants                      | 822,522         | 0                             | 0                   | 14,592                           | 837,114   |
| Net Non-Operating<br>Revenue/Expenses | 946,397         | 0                             | 0                   | 19,266                           | 965,663   |
| Net Income (Loss)                     | 107,370         | 9,145                         | 1,591               | (32,029)                         | 86,077    |
| Net Working Capital                   | 558,908         | 113,781                       | 7,576               | 53,960                           | 734,225   |
| Total Assets                          | 744,275         | 113,781                       | 7,576               | 48,885                           | 914,517   |
| Total Equity                          | 611,877         | 113,781                       | 7,576               | 26,656                           | 767,890   |

**NOTE I - JOINTLY GOVERNED ORGANIZATIONS**

Stark/Portage Area Computer Consortium (SPARCC):

SPARCC is a jointly governed organization created as a regional council of governments made up of public school districts and county boards of education from Stark, Portage and Carroll Counties. The primary function of SPARCC is to provide data processing services to its member districts with the major emphasis being placed on accounting, inventory control and payroll services. Other areas of service provided by SPARCC include student scheduling, registration, grade reporting, and test scoring. Each member district pays an annual fee for the services provided by SPARCC. SPARCC is governed by a board of directors comprised of each Superintendent within the Consortium. The Stark County Educational Services Center serves as the fiscal agent of the consortium and receives funding from the State Department of Education. Each district has one vote in all matters and each member district's control over budgeting and

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

---

**June 30, 2001**

**NOTE I - JOINTLY GOVERNED ORGANIZATIONS - Continued**

Stark/Portage Area Computer Consortium (SPARCC): - Continued

representation it may have on the board of directors. The continued existence of SPARCC is not dependent on the District's continued participation and no equity interest exists.

**NOTE J – STATE SCHOOL FUNDING DECISIONS**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of September 7, 2001, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and re-determine any issue upon such reconsideration.

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

**ALLIANCE CITY SCHOOL DISTRICT  
STARK COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS**

---

**June 30, 2001**

**NOTE K – OTHER REQUIRED FUND DISCLOSURES**

**A. Set-Aside Requirements**

State of Ohio House Bill 412 requires the School District to set aside a portion of the general operating resources for future use. For the fiscal year ended June 30, 2001, the following table disclosed the required set-asides.

|   | <u>Textbooks</u>  | <u>Capital<br/>Acquisition</u> | <u>Budget<br/>Stabilization</u> | <u>Totals</u>     |
|---|-------------------|--------------------------------|---------------------------------|-------------------|
| Set-aside Cash Balance<br>as of June 30, 2000 | \$242,637         | \$ 5,058                       | \$ 407,494                      | \$ 655,189        |
| Current Year Set-aside<br>Requirement         | 548,658           | 548,658                        | 141,164                         | 1,238,480         |
| Current Year Offsets                          | (137,170)         | (548,658)                      | 0                               | (685,828)         |
| Qualifying Disbursements                      | <u>(485,550)</u>  | <u>(2,104)</u>                 | <u>0</u>                        | <u>(487,654)</u>  |
| Total   | <u>\$ 168,575</u> | <u>\$ 2,954</u>                | <u>\$ 548,658</u>               |                   |
| Cash Balance Carried<br>Forward to FY 2002    | <u>\$ 168,575</u> | <u>\$ 2,954</u>                | <u>\$ 548,658</u>               | 720,187           |
| Total Restricted Assets                       |                   |                                |                                 | <u>\$ 720,187</u> |

**NOTE L – CONSTRUCTION COMMITMENTS**

As of June 30, 2001, the School Board has commitments with the following companies for renovation and construction of the new middle school and various other renovations.

|                            | <u>Contract<br/>Amount</u> | <u>Contract<br/>Completed</u> | <u>Estimated Amount<br/>of Contract<br/>Outstanding</u> |
|----------------------------|----------------------------|-------------------------------|---|
| Hummel Construction        | \$ 7,869,100               | \$68,778                      | \$7,800,322   |
| MW Milkey                  |                            |                               |   |
| Plumbing                   | 489,000                    | 21,390                        | 467,610   |
| Fire                       | 156,800                    |                               | 156,800   |
| Feinmenn Mechanical (HVAC) | 2,023,255                  | 31,577                        | 1,991,678   |
| Abott Electric             | <u>839,885</u>             | <u>-</u>                      | <u>839,885</u>  |
|                            | <u>\$11,378,040</u>        | <u>\$121,745</u>              | <u>\$11,256,295</u>                                     |

**Alliance City School District - Stark County  
Schedule of Expenditures of Federal Awards  
for the Year Ended June 30, 2001**

| Federal Grantor/Sub Grantor Program Title  | CFDA Number | Pass-Through Grantor's Number | Receipts   | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|--|-------------|-------------------------------|------------|-------------------|---------------|------------------------|
| <b>U.S. Department of Education</b>  |             |                               |            |                   |               |                        |
| Passed through the State Department of Education                                 |             |                               |            |                   |               |                        |
| Title 1 - Education Consolidated Improvement Act of 1998                         | 84.010      | 043497-C1-S1                  | \$ 994,812 | \$ -              | \$ 1,211,729  | \$ -                   |
| Total Title 1  |             |                               | 994,812    | -                 | 1,211,729     | -                      |
| Title II-Eisenhower 2000/01  | 84.281      | 043497-MS-S1                  | 20,865     | -                 | 6,140         | -                      |
| Total Title II   |             |                               | 20,865     | -                 | 6,140         | -                      |
| Title VI - Education Consolidation and Improvement Act of 1981                   | 84.298      | 043497-C2-S1                  | 24,458     | -                 | 33,964        | -                      |
| Total Title VI   |             |                               | 24,458     | -                 | 33,964        | -                      |
| Special Education Cluster:<br>Title VI-B - Education of Handicapped Children Act | 84.027      | 043497-6B-SF                  | 306,891    | -                 | 271,452       | -                      |
| Total Title VI-B   |             |                               | 306,891    | -                 | 271,452       | -                      |
| Title VI-B - Preschool   | 84.173      | 043497-PG-S1                  | 16,076     | -                 | 20,657        | -                      |
| Total Title VI-B - Preschool   |             |                               | 16,076     | -                 | 20,657        | -                      |
| Drug Free Schools Grant  | 84.186      | 043497-DR-S1                  | 34,547     | -                 | 56,460        | -                      |
| Total Drug Free Schools Grant  |             |                               | 34,547     | -                 | 56,460        | -                      |
| Carl Perkins Grant   | 84.048      | 04349720                      | 225,447    | -                 | 190,086       | -                      |
| Total Carl Perkins Grant   |             |                               | 225,447    | -                 | 190,086       | -                      |
| School to Work   | 84.276      | 043497-G2-S1                  | 45,600     | -                 | 21,242        | -                      |
| Total School to Work   |             |                               | 45,600     | -                 | 21,242        | -                      |
| Community Service - Bureau of Vocational Rehab                                   | 84.126      | 43497                         | 22,794     | -                 | 22,794        | -                      |
| Total Bureau of Vocational Rehab   |             |                               | 22,794     | -                 | 22,794        | -                      |

**Alliance City School District - Stark County  
Schedule of Expenditures of Federal Awards - Continued  
for the Year Ended June 30, 2001**

| Federal Grantor/Sub Grantor Program Title                               | CFDA Number | Pass-Through Grantor's Number | Receipts  | Non-Cash Receipts | Disbursements | Non-Cash Disbursements |
|---|-------------|-------------------------------|-----------|-------------------|---------------|------------------------|
| Raising the Bar   | 84.318      | 043497-TF-S2                  | 224,875   | -                 | 238,374       | -                      |
| Total Raising the Bar   |             |                               | 224,875   | -                 | 238,374       | -                      |
| Title VI-R  | 84.34       | N/A                           | 130,432   | -                 | 147,114       | -                      |
| Total Title VI-R  |             |                               | 130,432   | -                 | 147,114       | -                      |
| 21st Century Community Learning Centers                                 | 84.287      | 43497                         | 197,054   | -                 | 198,317       | -                      |
| Total 21st Century Community Learning Centers                           |             |                               | 197,054   | -                 | 198,317       | -                      |
| Total U.S. Department of Education                                      |             |                               | 2,243,851 | -                 | 2,418,329     | -                      |
| <b>U.S. Department of Education</b>                                     |             |                               |           |                   |               |                        |
| Student Financial Assistance Center                                     |             |                               |           |                   |               |                        |
| Pell Grant  | 84.063      | N/A                           | 113,917   | -                 | 113,917       | -                      |
| Stafford Student Loan   | 84.032      | N/A                           | 6,720     | -                 | 6,720         | -                      |
| Total U.S. Department of Education Student Financial Assistance Cluster |             |                               | 120,637   | -                 | 120,637       | -                      |
| <b>U.S. Department of Labor</b>   |             |                               |           |                   |               |                        |
| Job Training Partnership Act  | 17.246      | N/A                           | 27,169    | -                 | 33,369        | -                      |
| Total U.S. Department of Labor  |             |                               | 27,169    | -                 | 33,369        | -                      |
| <b>U.S. Department of Health and Human Services</b>                     |             |                               |           |                   |               |                        |
| <b>Passed through Stark County</b>                                      |             |                               |           |                   |               |                        |
| Social Service Block Grant (JOBS)                                       | 93.667      | 43497                         | 40,818    | -                 | 40,818        | -                      |
| School Age Child Care   | 93.673      | 043497-DC-S1                  | 5,560     | -                 | 197           | -                      |
| Medical Assistance Program  | 93.778      | 43497                         | 90,456    | -                 | 90,456        | -                      |
| Total U.S. Department of Health and Human Services                      |             |                               | 136,834   | -                 | 131,471       | -                      |

**Alliance City School District - Stark County  
Schedule of Expenditures of Federal Awards - Continued  
for the Year Ended June 30, 2001**

| Federal Grantor/Sub Grantor<br>Program Title              | CFDA<br>Number | Pass-Through<br>Grantor's Number | Receipts     | Non-Cash<br>Receipts | Disbursements | Non-Cash<br>Disbursements |
|---|----------------|----------------------------------|--------------|----------------------|---------------|---------------------------|
| U.S. Department of Housing<br>and Urban Development       |                |                                  |              |                      |               |                           |
| Federal Block Grant from City of Allian                   | 14.218         | N/A                              | 24,917       | -                    | 24,917        | -                         |
| Total U.S. Department of Housing<br>and Urban Development |                |                                  | 24,917       | -                    | 24,917        | -                         |
| U.S. Department of Agriculture                            |                |                                  |              |                      |               |                           |
| Passed through the State Department<br>of Education       |                |                                  |              |                      |               |                           |
| Child Nutrition Cluster                                   |                |                                  |              |                      |               |                           |
| Food Distribution Program                                 | 10.550 (A)     | 43497                            | -            | 103,098              | -             | 100,325                   |
| National School Breakfast Program                         | 10.553         | 043497-05-PU                     | 154,047      | -                    | 154,047       | -                         |
| National School Lunch Program                             | 10.555 (B)     | 043497-03-PU                     | 619,946      | -                    | 619,946       | -                         |
| National School Summer Feeding                            | 10.559         | 043497-24-AD                     | 83,957       | -                    | 83,957        | -                         |
| Total U.S. Department of Agriculture                      |                |                                  | 857,950      | 103,098              | 857,950       | 100,325                   |
| Total Federal Financial Assistance                        |                |                                  | \$ 3,411,358 | \$ 103,098           | \$ 3,586,673  | \$ 100,325                |

(A) Valued at fair market value less cost to the School District, assumed expended on a first-in, first-out basis.

(B) Commingled with state and local funds. Assumed expended on a first-in, first-out basis.

This schedule is prepared on the cash basis of accounting.

**Independent Auditors' Report on Compliance and on Internal Control Over  
Financial Reporting Based on an Audit of General Purpose Financial Statements  
Performed in Accordance with Government Auditing Standards**

Board of Education  
Alliance City School District  
Alliance, Ohio 44601

We have audited the general purpose financial statements of the Alliance City School District (the District), as of and for the year ended June 30, 2001 and have issued our report thereon dated November 30, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audit contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Compliance

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

Internal Control over Financial Reporting

In planning and performing our audit, we considered Alliance 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 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 certain matters involving the internal control over financial reporting that we have reported to management of the District, in a separate letter dated December 11, 2001. This report is intended solely for the information and use of the Board of Education, management, federal awarding agencies and pass-through entities and the Auditor of State and is not intended to be and should not be used by anyone other than these specified parties.

*Moore Stephens Apple*

Akron, Ohio  
November 30, 2001

**Independent Auditors' Report on Compliance with Requirements  
Applicable to Each Major Program and Internal Control Over  
Compliance in Accordance with OMB Circular A-133**

To the Board of Education  
Alliance City School District  
Alliance, OH 44601

Compliance

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those Standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance 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 Alliance 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 Alliance City School District's compliance with those requirements.

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

## Internal Control Over Compliance

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

*Moore Stephens Apple*

Akron, Ohio  
November 30, 2001

**Alliance City School District - Stark County**  
**Schedule of Findings and Questioned Costs**  
**June 30, 2001**

1. Summary of Auditors' Results

Unqualified opinion was issued on the financial statements.

Material control weaknesses reported at the financial statement level - none noted.

Reportable control weaknesses at the financial statement level - none noted.

There was no material non-compliance at the financial statement level.

Reportable control weaknesses for major federal programs - none noted.

For those items tested, there was no material non-compliance for major federal programs.

Unqualified opinion was issued on major programs compliance.

The audit disclosed no findings under OMB Circular A-133.

The District's major programs tested were Title I - CFDA #84.010 and the Child Nutrition Cluster CFDA # 10.550, 10.553, 10.555 and 10.559.

The dollar threshold used for Type A Programs was \$300,000 and Type B programs were all other programs.

The Auditee was low risk.

2. There were no audit findings or questioned costs for federal awards during the year ended June 30, 2001.
3. There were no audit findings related to the financial statements that are required to be reported in accordance with Government Auditing Standards for the year ended June 30, 2001.

**Alliance City School District - Stark County**

**Schedule of Prior Audit Findings**

**June 30, 2001**

The prior audit report of the Alliance City School District, issued as of June 30, 2000, included no citations and no recommendations.





STATE OF OHIO  
OFFICE OF THE AUDITOR  

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JIM PETRO, AUDITOR OF STATE

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**ALLIANCE CITY SCHOOL DISTRICT**

**STARK 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  
FEBRUARY 21, 2002**