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January 21, 2003

The attached audit was conducted and prepared for release prior to the commencement of my term of office on January 13, 2003. Thus, I am releasing this audit under the signature of my predecessor.

Betty Montgomery

BETTY MONTGOMERY
Auditor of State

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the East Liverpool City School District, Columbiana County, (the District) as of and for the year ended June 30, 2002, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

We conducted our audit in accordance with 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the East Liverpool City School District, Columbiana County, as of June 30, 2002, and the results of its operations and cash flows of its proprietary fund types and nonexpendable trust fund 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 25, 2002 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organization*, and is not a required part of the general-purpose financial statements. We subjected this information to 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.

A handwritten signature in black ink, appearing to read "Jim Petro".

Jim Petro
Auditor of State

November 25, 2002

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East Liverpool City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
Assets and Other Debits				
Assets				
Equity in Pooled Cash and				
Cash Equivalents	\$275,150	\$996,136	\$8,719	\$8,164,568
Receivables:				
Taxes	4,269,059	0	0	214,896
Accounts	1,201	0	0	0
Intergovernmental	9,743	407,532	0	0
Accrued Interest	9,348	0	0	0
Interfund Receivable	239,871	225	0	0
Prepaid Items	33,526	0	0	0
Inventory Held for Resale	0	0	0	0
Restricted Assets:				
Equity in Pooled Cash and				
Cash Equivalents	467,533	0	0	0
Fixed Assets (Net, where applicable, of Accumulated Depreciation)	0	0	0	0
Other Debits				
Amount Available in Debt Service				
Fund for Retirement of General Obligation Bonds	0	0	0	0
Amount to be Provided from				
General Government Resources	0	0	0	0
	<u>\$5,305,431</u>	<u>\$1,403,893</u>	<u>\$8,719</u>	<u>\$8,379,464</u>
<i>Total Assets and Other Debits</i>	<u>\$5,305,431</u>	<u>\$1,403,893</u>	<u>\$8,719</u>	<u>\$8,379,464</u>

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$338,231	\$92,642	\$0	\$0	\$9,875,446
0	0	0	0	4,483,955
0	0	0	0	1,201
52,366	0	0	0	469,641
0	0	0	0	9,348
0	0	0	0	240,096
0	0	0	0	33,526
57,424	0	0	0	57,424
0	0	0	0	467,533
119,586	0	17,646,506	0	17,766,092
0	0	0	8,719	8,719
0	0	0	2,393,446	2,393,446
<u>\$567,607</u>	<u>\$92,642</u>	<u>\$17,646,506</u>	<u>\$2,402,165</u>	<u>\$35,806,427</u>

(continued)

East Liverpool City School District
Combined Balance Sheet
All Fund Types and Account Groups (continued)
June 30, 2002

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<i>Liabilities, Fund Equity and Other Credits</i>				
Liabilities				
Accounts Payable	\$44,312	\$52,828	\$0	\$10,684
Accrued Wages	1,633,305	308,682	0	0
Compensated Absences Payable	88,977	10,757	0	0
Interfund Payable	0	222,788	0	17,308
Intergovernmental Payable	448,126	84,427	0	0
Deferred Revenue	3,772,076	292,832	0	189,692
Due to Students	0	0	0	0
Accrued Interest Payable	271	0	0	15,142
Notes Payable	0	0	0	7,900,000
Capital Leases Payable	0	0	0	0
Energy Conservation Loan Payable	0	0	0	482,114
<i>Total Liabilities</i>	<u>5,987,067</u>	<u>972,314</u>	<u>0</u>	<u>8,614,940</u>
Fund Equity and Other Credits				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balance:				
Reserved for Encumbrances	103,067	148,911	0	29,365
Reserved for Property Taxes	496,983	0	0	25,204
Reserved for Endowment	0	0	0	0
Reserved for Textbooks	31,020	0	0	0
Reserved for Budget Stabilization	372,511	0	0	0
Reserved for Bus Purchase	64,002	0	0	0
Unreserved, Undesignated (Deficit)	(1,749,219)	282,668	8,719	(290,045)
<i>Total Fund Equity (Deficit) and Other Credits</i>	<u>(681,636)</u>	<u>431,579</u>	<u>8,719</u>	<u>(235,476)</u>
<i>Total Liabilities, Fund Equity and Other Credits</i>	<u>\$5,305,431</u>	<u>\$1,403,893</u>	<u>\$8,719</u>	<u>\$8,379,464</u>

See accompanying notes to the general purpose financial statements

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$25,255	\$0	\$0	\$0	\$133,079
44,601	0	0	0	1,986,588
26,482	0	0	1,960,815	2,087,031
0	0	0	0	240,096
54,435	0	0	315,609	902,597
0	0	0	0	4,254,600
0	76,055	0	0	76,055
0	0	0	0	15,413
0	0	0	0	7,900,000
0	0	0	125,741	125,741
0	0	0	0	482,114
<u>150,773</u>	<u>76,055</u>	<u>0</u>	<u>2,402,165</u>	<u>18,203,314</u>
0	0	17,646,506	0	17,646,506
416,834	0	0	0	416,834
0	0	0	0	281,343
0	0	0	0	522,187
0	13,300	0	0	13,300
0	0	0	0	31,020
0	0	0	0	372,511
0	0	0	0	64,002
0	3,287	0	0	(1,744,590)
<u>416,834</u>	<u>16,587</u>	<u>17,646,506</u>	<u>0</u>	<u>17,603,113</u>
<u>\$567,607</u>	<u>\$92,642</u>	<u>\$17,646,506</u>	<u>\$2,402,165</u>	<u>\$35,806,427</u>

East Liverpool City School District
*Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002*

	Governmental Fund		
	General	Special Revenue	Debt Service
Revenues			
Taxes	\$4,370,007	\$0	\$0
Intergovernmental	15,045,470	3,399,676	0
Interest	102,150	155	0
Tuition and Fees	438,866	1,781	0
Extracurricular Activities	0	179,764	0
Contributions and Donations	6,996	6,951	0
Rentals	4,399	0	0
Miscellaneous	82,282	35,536	0
<i>Total Revenues</i>	<u>20,050,170</u>	<u>3,623,863</u>	<u>0</u>
Expenditures			
Current:			
Instruction:			
Regular	9,312,661	811,205	0
Special	2,378,079	1,511,257	0
Vocational	1,062,208	166,790	0
Adult/Continuing	12,300	97,618	0
Support Services:			
Pupils	840,483	430,873	0
Instructional Staff	680,791	499,465	0
Board of Education	38,248	2,801	0
Administration	1,489,404	332,645	0
Fiscal	472,075	22,226	0
Business	317,926	0	0
Operation and Maintenance of Plant	2,516,700	7,004	0
Pupil Transportation	981,710	6,165	0
Central	0	2,086	0
Operation of Non-Instructional Services	8,068	147,225	0
Extracurricular Activities	220,888	215,086	0
Capital Outlay	0	0	0
Debt Service:			
Principal Retirement	6,610	0	0
Interest and Fiscal Charges	11,390	0	0
<i>Total Expenditures</i>	<u>20,349,541</u>	<u>4,252,446</u>	<u>0</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(299,371)</u>	<u>(628,583)</u>	<u>0</u>
Other Financing Sources (Uses)			
Proceeds from Sale of Fixed Assets	300	0	0
Inception of Capital Lease	132,351	0	0
Operating Transfers In	42,264	306,048	0
Operating Transfers Out	(601,952)	(42,264)	0
<i>Total Other Financing Sources (Uses)</i>	<u>(427,037)</u>	<u>263,784</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>(726,408)</u>	<u>(364,799)</u>	<u>0</u>
<i>Fund Balances (Deficit) Beginning of Year - Restated (See Note 3)</i>	<u>44,772</u>	<u>796,378</u>	<u>8,719</u>
<i>Fund Balances (Deficit) End of Year</i>	<u>(\$681,636)</u>	<u>\$431,579</u>	<u>\$8,719</u>

See accompanying notes to the general purpose financial statements

<u>Types</u>	Totals (Memorandum Only)
Capital Projects	
\$224,223	\$4,594,230
121,503	18,566,649
1,067	103,372
0	440,647
0	179,764
4,475	18,422
0	4,399
0	117,818
<u>351,268</u>	<u>24,025,301</u>
0	10,123,866
0	3,889,336
0	1,228,998
0	109,918
0	1,271,356
0	1,180,256
0	41,049
0	1,822,049
0	494,301
0	317,926
0	2,523,704
0	987,875
0	2,086
0	155,293
0	435,974
714,016	714,016
78,379	84,989
41,386	52,776
<u>833,781</u>	<u>25,435,768</u>
<u>(482,513)</u>	<u>(1,410,467)</u>
0	300
0	132,351
295,904	644,216
<u>0</u>	<u>(644,216)</u>
<u>295,904</u>	<u>132,651</u>
(186,609)	(1,277,816)
<u>(48,867)</u>	<u>801,002</u>
<u>(\$235,476)</u>	<u>(\$476,814)</u>

East Liverpool City School District
*Combined Statement of Revenues, Expenditures and Changes In
Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types
For the Fiscal Year Ended June 30, 2002*

	General Fund		Variance Favorable (Unfavorable)
	Budget	Actual	
Revenues			
Taxes	\$4,417,732	\$4,059,304	(\$358,428)
Intergovernmental	16,363,349	15,035,727	(1,327,622)
Interest	101,291	93,073	(8,218)
Tuition and Fees	478,117	438,866	(39,251)
Extracurricular Activities	0	0	0
Contributions and Donations	7,613	6,996	(617)
Rentals	3,884	3,569	(315)
Miscellaneous	89,483	82,282	(7,201)
<i>Total Revenues</i>	<u>21,461,469</u>	<u>19,719,817</u>	<u>(1,741,652)</u>
Expenditures			
Current:			
Instruction:			
Regular	9,173,841	9,221,341	(47,500)
Special	2,632,111	2,322,011	310,100
Vocational	1,103,015	1,131,815	(28,800)
Adult/Continuing	0	0	0
Support Services:			
Pupils	779,520	882,520	(103,000)
Instructional Staff	811,215	665,215	146,000
Board of Education	46,705	56,095	(9,390)
Administration	1,725,641	1,502,041	223,600
Fiscal	530,077	475,078	54,999
Business	239,771	201,771	38,000
Operation and Maintenance of Plant	2,369,184	2,558,553	(189,369)
Pupil Transportation	1,166,210	1,009,210	157,000
Central	0	0	0
Operation of Non-Instructional Services	8,068	8,068	0
Extracurricular Activities	239,139	225,560	13,579
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>20,824,497</u>	<u>20,259,278</u>	<u>565,219</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>636,972</u>	<u>(539,461)</u>	<u>(1,176,433)</u>
Other Financing Sources (Uses)			
Proceeds of Notes	0	0	0
Proceeds from Sale of Fixed Assets	1,000	300	(700)
Advances In	49,884	36,611	(13,273)
Advances Out	(28,232)	(189,153)	(160,921)
Operating Transfers In	109,908	42,264	(67,644)
Operating Transfers Out	0	(601,952)	(601,952)
<i>Total Other Financing Sources (Uses)</i>	<u>132,560</u>	<u>(711,930)</u>	<u>(844,490)</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	769,532	(1,251,391)	(2,020,923)
<i>Fund Balances Beginning of Year</i>	1,546,255	1,546,255	0
Prior Year Encumbrances Appropriated	<u>318,314</u>	<u>318,314</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u>\$2,634,101</u>	<u>\$613,178</u>	<u>(\$2,020,923)</u>

Special Revenue Funds			Debt Service Fund		
Budget	Actual	Variance Favorable (Unfavorable)	Budget	Actual	Variance Favorable (Unfavorable)
\$0	\$0	\$0	\$0	\$0	\$0
4,177,122	3,506,721	(670,401)	0	0	0
0	155	155	0	0	0
11,795	1,781	(10,014)	0	0	0
301,913	179,764	(122,149)	0	0	0
15,582	6,951	(8,631)	0	0	0
0	0	0	0	0	0
82,501	35,536	(46,965)	0	0	0
4,588,913	3,730,908	(858,005)	0	0	0
1,234,370	1,072,087	162,283	0	0	0
1,365,346	1,558,759	(193,413)	0	0	0
119,887	163,940	(44,053)	0	0	0
74,217	98,567	(24,350)	0	0	0
394,990	410,422	(15,432)	0	0	0
409,664	507,619	(97,955)	0	0	0
2,904	2,801	103	0	0	0
272,547	332,507	(59,960)	0	0	0
15,375	22,226	(6,851)	0	0	0
0	0	0	0	0	0
65	5,829	(5,764)	0	0	0
13,139	13,139	0	0	0	0
2,582	5,582	(3,000)	0	0	0
209,507	156,668	52,839	0	0	0
256,939	233,901	23,038	0	0	0
0	0	0	78,379	78,379	0
0	0	0	39,244	26,244	13,000
4,371,532	4,584,047	(212,515)	117,623	104,623	13,000
217,381	(853,139)	(1,070,520)	(117,623)	(104,623)	13,000
0	0	0	0	0	0
0	0	0	0	0	0
88,385	179,005	90,620	0	0	0
(27,571)	(27,571)	0	0	0	0
503,973	306,048	(197,925)	104,623	95,904	(8,719)
(51,363)	(42,264)	9,099	0	0	0
513,424	415,218	(98,206)	104,623	95,904	(8,719)
730,805	(437,921)	(1,168,726)	(13,000)	(8,719)	4,281
838,847	838,847	0	8,719	8,719	0
433,660	433,660	0	0	0	0
\$2,003,312	\$834,586	(\$1,168,726)	(\$4,281)	\$0	\$4,281

(continued)

East Liverpool City School District
*Combined Statement of Revenues, Expenditures and Changes In
Fund Balances - Budget (Non-GAAP Basis) and Actual
All Governmental Fund Types (continued)
For the Fiscal Year Ended June 30, 2002*

	Capital Projects Funds		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Taxes	\$271,535	\$209,262	(\$62,273)
Intergovernmental	292,378	121,503	(170,875)
Interest	1,067	1,067	0
Tuition and Fees	0	0	0
Extracurricular Activities	0	0	0
Contributions and Donations	11,170	4,475	(6,695)
Rentals	0	0	0
Miscellaneous	0	0	0
<i>Total Revenues</i>	<u>576,150</u>	<u>336,307</u>	<u>(239,843)</u>
Expenditures			
Current:			
Instruction:			
Regular	0	0	0
Special	0	0	0
Vocational	0	0	0
Adult/Continuing	0	0	0
Support Services:			
Pupils	0	0	0
Instructional Staff	147,363	124,385	22,978
Board of Education	0	0	0
Administration	0	0	0
Fiscal	4,400	4,400	0
Business	0	0	0
Operation and Maintenance of Plant	778,285	703,070	75,215
Pupil Transportation	0	0	0
Central	0	0	0
Operation of Non-Instructional Services	0	0	0
Extracurricular Activities	0	0	0
Debt Service:			
Principal Retirement	0	0	0
Interest and Fiscal Charges	0	0	0
<i>Total Expenditures</i>	<u>930,048</u>	<u>831,855</u>	<u>98,193</u>
<i>Excess of Revenues Over (Under) Expenditures</i>	<u>(353,898)</u>	<u>(495,548)</u>	<u>(141,650)</u>
Other Financing Sources (Uses)			
Proceeds of Notes	7,900,000	7,900,000	0
Proceeds from Sale of Fixed Assets	0	0	0
Advances In	10,148	10,148	0
Advances Out	(9,040)	(9,040)	0
Operating Transfers In	200,000	200,000	0
Operating Transfers Out	0	0	0
<i>Total Other Financing Sources (Uses)</i>	<u>8,101,108</u>	<u>8,101,108</u>	<u>0</u>
<i>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses</i>	<u>7,747,210</u>	<u>7,605,560</u>	<u>(141,650)</u>
<i>Fund Balances Beginning of Year</i>	382,911	382,911	0
Prior Year Encumbrances Appropriated	<u>144,768</u>	<u>144,768</u>	<u>0</u>
<i>Fund Balances End of Year</i>	<u><u>\$8,274,889</u></u>	<u><u>\$8,133,239</u></u>	<u><u>(\$141,650)</u></u>

See accompanying notes to the general purpose financial statements.

Totals (Memorandum Only)		
Budget	Actual	Variance Favorable (Unfavorable)
\$4,689,267	\$4,268,566	(\$420,701)
20,832,849	18,663,951	(2,168,898)
102,358	94,295	(8,063)
489,912	440,647	(49,265)
301,913	179,764	(122,149)
34,365	18,422	(15,943)
3,884	3,569	(315)
171,984	117,818	(54,166)
<u>26,626,532</u>	<u>23,787,032</u>	<u>(2,839,500)</u>
10,408,211	10,293,428	114,783
3,997,457	3,880,770	116,687
1,222,902	1,295,755	(72,853)
74,217	98,567	(24,350)
1,174,510	1,292,942	(118,432)
1,368,242	1,297,219	71,023
49,609	58,896	(9,287)
1,998,188	1,834,548	163,640
549,852	501,704	48,148
239,771	201,771	38,000
3,147,534	3,267,452	(119,918)
1,179,349	1,022,349	157,000
2,582	5,582	(3,000)
217,575	164,736	52,839
496,078	459,461	36,617
78,379	78,379	0
39,244	26,244	13,000
<u>26,243,700</u>	<u>25,779,803</u>	<u>463,897</u>
<u>382,832</u>	<u>(1,992,771)</u>	<u>(2,375,603)</u>
7,900,000	7,900,000	0
1,000	300	(700)
148,417	225,764	77,347
(64,843)	(225,764)	(160,921)
918,504	644,216	(274,288)
(51,363)	(644,216)	(592,853)
<u>8,851,715</u>	<u>7,900,300</u>	<u>(951,415)</u>
9,234,547	5,907,529	(3,327,018)
2,776,732	2,776,732	0
896,742	896,742	0
<u>\$12,908,021</u>	<u>\$9,581,003</u>	<u>(\$3,327,018)</u>

East Liverpool City School District
*Combined Statement of Revenues,
Expenses and Changes in Retained Earnings/Fund Balance
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002*

	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
Operating Revenues			
Sales	\$334,592	\$0	\$334,592
Interest	0	954	954
Other Revenues	13,000	0	13,000
<i>Total Operating Revenues</i>	<u>347,592</u>	<u>954</u>	<u>348,546</u>
Operating Expenses			
Salaries	474,103	0	474,103
Fringe Benefits	184,022	0	184,022
Purchased Services	10,358	0	10,358
Materials and Supplies	21,693	0	21,693
Cost of Sales	429,825	0	429,825
Depreciation	20,654	0	20,654
Other	5,563	0	5,563
<i>Total Operating Expenses</i>	<u>1,146,218</u>	<u>0</u>	<u>1,146,218</u>
<i>Operating Income (Loss)</i>	<u>(798,626)</u>	<u>954</u>	<u>(797,672)</u>
Non-Operating Revenues			
Federal Donated Commodities	106,584	0	106,584
Operating Grants	492,262	0	492,262
<i>Total Non-Operating Revenues</i>	<u>598,846</u>	<u>0</u>	<u>598,846</u>
<i>Net Income (Loss)</i>	<u>(199,780)</u>	<u>954</u>	<u>(198,826)</u>
<i>Retained Earnings/Fund Balance Beginning of Year</i>	<u>616,614</u>	<u>15,633</u>	<u>632,247</u>
<i>Retained Earnings/Fund Balance End of Year</i>	<u>\$416,834</u>	<u>\$16,587</u>	<u>\$433,421</u>

See accompanying notes to the general purpose financial statements

East Liverpool City School District
*Combined Statement of Revenues, Expenses and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002*

	Enterprise		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$829,074	\$334,592	(\$494,482)
Interest	0	0	0
Operating Grants	550,042	550,042	0
Other Revenue	19,365	13,000	(6,365)
<i>Total Revenues</i>	<u>1,398,481</u>	<u>897,634</u>	<u>(500,847)</u>
Expenses			
Salaries	385,783	399,215	(13,432)
Fringe Benefits	193,727	196,323	(2,596)
Purchased Services	15,573	15,070	503
Materials and Supplies	461,822	464,256	(2,434)
Capital Outlay	6,586	30,505	(23,919)
Other	26,629	5,563	21,066
<i>Total Expenses</i>	<u>1,090,120</u>	<u>1,110,932</u>	<u>(20,812)</u>
<i>Excess of Revenues Over (Under) Expenses</i>	308,361	(213,298)	(521,659)
<i>Fund Equity Beginning of Year</i>	480,583	480,583	0
Prior Year Encumbrances Appropriated	<u>14,667</u>	<u>14,667</u>	<u>0</u>
<i>Fund Equity End of Year</i>	<u><u>\$803,611</u></u>	<u><u>\$281,952</u></u>	<u><u>(\$521,659)</u></u>

(continued)

East Liverpool City School District
*Combined Statement of Revenues, Expenses and Changes in
Fund Equity - Budget (Non-GAAP Basis) and Actual
All Proprietary Fund Types and Nonexpendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2002*

	Nonexpendable Trust		
	Budget	Actual	Variance Favorable (Unfavorable)
Revenues			
Sales	\$0	\$0	\$0
Interest	10,848	954	(9,894)
Operating Grants	5,739	0	(5,739)
Other Revenue	0	0	0
<i>Total Revenues</i>	16,587	954	(15,633)
Expenses			
Salaries	0	0	0
Fringe Benefits	0	0	0
Purchased Services	0	0	0
Materials and Supplies	0	0	0
Capital Outlay	0	0	0
Other	500	0	500
<i>Total Expenses</i>	500	0	500
<i>Excess of Revenues Over (Under) Expenses</i>	16,087	954	(15,133)
<i>Fund Equity Beginning of Year</i>	15,428	15,428	0
Prior Year Encumbrances Appropriated	205	205	0
<i>Fund Equity End of Year</i>	\$31,720	\$16,587	(\$15,133)

See accompanying notes to the general purpose financial statements

Totals (Memorandum Only)		
<u>Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
\$829,074	\$334,592	(\$494,482)
10,848	954	(9,894)
555,781	550,042	(5,739)
19,365	13,000	(6,365)
<u>1,415,068</u>	<u>898,588</u>	<u>(516,480)</u>
385,783	399,215	(13,432)
193,727	196,323	(2,596)
15,573	15,070	503
461,822	464,256	(2,434)
6,586	30,505	(23,919)
27,129	5,563	21,566
<u>1,090,620</u>	<u>1,110,932</u>	<u>(20,312)</u>
324,448	(212,344)	(536,792)
496,011	496,011	0
14,872	14,872	0
<u>\$835,331</u>	<u>\$298,539</u>	<u>(\$536,792)</u>

East Liverpool City School District
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	Totals (Memorandum Only)
	Enterprise	Nonexpendable Trust	
<i>Increase (Decrease) in</i>			
<i>Cash and Cash Equivalents</i>			
Cash Flows from Operating Activities			
Cash Received from Customers	\$334,592	\$0	\$334,592
Cash Received from Other Operating Sources	13,000	0	13,000
Cash Payments to Employees for Services	(399,215)	0	(399,215)
Cash Payments for Employee Benefits	(196,323)	0	(196,323)
Cash Payments for Goods and Services	(423,047)	0	(423,047)
Cash Payments for Other Operating Expenses	(5,563)	0	(5,563)
<i>Net Cash Used for Operating Activities</i>	(676,556)	0	(676,556)
Cash Flows from Noncapital			
Financing Activities			
Operating Grants Received	550,042	0	550,042
Cash Flows from Capital and			
Related Financing Activities			
Payments for Capital Acquisitions	(30,505)	0	(30,505)
Cash Flows from Investing Activities			
Interest on Investments	0	954	954
<i>Net Increase (Decrease) in</i>			
<i>Cash and Cash Equivalents</i>	(157,019)	954	(156,065)
<i>Cash and Cash Equivalents</i>			
<i>Beginning of Year</i>	495,250	15,633	510,883
<i>Cash and Cash Equivalents End of Year</i>	\$338,231	\$16,587	\$354,818

(continued)

East Liverpool City School District
Combined Statement of Cash Flows
All Proprietary Fund Types and Nonexpendable Trust Fund (continued)
For the Fiscal Year Ended June 30, 2002

	Proprietary Fund Type	Fiduciary Fund Type	
	Enterprise	Nonexpendable Trust	Totals (Memorandum Only)
Reconciliation of Operating Income (Loss) to Net Cash Used for Operating Activities			
<i>Operating Income (Loss)</i>	(\$798,626)	\$954	(\$797,672)
Adjustments			
Depreciation	20,654	0	20,654
Donated Commodities Used During Year	68,522	0	68,522
Interest Received by			
Nonexpendable Trust Fund	0	(954)	(954)
Decrease in Inventory Held for Resale	4,360	0	4,360
Increase/(Decrease) in Liabilities:			
Accounts Payable	24,483	0	24,483
Accrued Wages	(4,030)	0	(4,030)
Compensated Absences Payable	19,708	0	19,708
Intergovernmental Payable	(11,627)	0	(11,627)
<i>Total Adjustments</i>	122,070	(954)	121,116
<i>Net Cash Used for Operating Activities</i>	(\$676,556)	\$0	(\$676,556)

**Reconciliation of Cash and Cash
Equivalents to the Balance Sheet**

Trust and Agency	\$92,642
Less: Agency Funds	(76,055)
Nonexpendable Trust Fund	\$16,587

Non Cash Non Capital Financing Activities

Federal Donated Commodities in the amount of \$106,584 were recorded as revenue when received in the food service enterprise fund.

See accompanying notes to the general purpose financial statements

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East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 1 - Description of the School District and Reporting Entity

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

The School District operates under a locally-elected five member Board and provides educational services as mandated by state and federal agencies. The School District is the 130th largest in the State of Ohio (among 613 school districts) in terms of enrollment. It is staffed by 153 non-certificated employees, 277 certified full-time teaching personnel and 36 administrative employees who provide services to 3,240 students and other community members. The School District currently operates five instructional buildings, one administrative building and one bus garage.

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

Reporting Entity

A reporting entity is comprised of the primary government, component units, and other organizations that are included to ensure that the 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 East Liverpool City School District, this includes general operations, food service, preschool, childcare and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organization's governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organization's resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes. The School District has no component units.

The following activities are included within the reporting entity:

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

The School District participates in the Area Cooperative Computer Educational Service System which is defined as a jointly governed organization. This organization is presented in Note 20 to the general purpose financial statements.

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 2 - Summary of Significant Accounting Policies

The financial statements of the School District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board (FASB) statements issued on or before November 30, 1989, to the proprietary funds provided they do not conflict with or contradict GASB pronouncements. The more significant of the School District's accounting policies are described below.

A. Basis Of Presentation - Fund Accounting

The School District uses funds and account groups to report on its financial position and the results of its operations. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special 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 available expendable financial resources.

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

Governmental Fund Types Governmental funds are those through which most governmental functions of the School District are financed. The acquisition, use, and balances of the School District's expendable financial resources and the related current liabilities (except those accounted for in proprietary funds and trust funds) are accounted for through governmental funds. The following are the School District's governmental fund types:

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

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

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

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

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

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.

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

B. Measurement Focus and Basis of Accounting

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

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

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The modified accrual basis of accounting is followed for the governmental and agency funds. The full accrual basis of accounting is followed for the proprietary and nonexpendable trust funds.

Revenue Recognition Revenue resulting from exchange transactions, in which each party gives and receives essentially equal value, is recorded on the accrual basis when the exchange takes place. On a modified accrual basis, revenue is recorded in the fiscal year in which the resources are measurable and become available. Available means that the resources will be collected within the current fiscal year or are expected to be collected soon enough thereafter to be used to pay liabilities of the current fiscal year. For the School District, available means expected to be received within sixty days of fiscal year-end.

Non-exchange transactions, in which the School District receives value without directly giving equal value in return, include property taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. (See Note 7) Revenue from grants, entitlements and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied. Eligibility requirements include timing requirements, which specify the year when the resources are required to be used or the fiscal year when use is first permitted, matching requirements, in which the School District must provide local resources to be used for a specified purpose, and expenditure requirements, in which the resources are provided to the School District on a reimbursement basis. On a modified accrual basis, revenue from non-exchange transactions must also be available before it can be recognized.

Under the modified accrual basis, the following revenue sources are considered to be both measurable and available at fiscal year-end: property taxes available as an advance, interest, tuition, grants, student fees and rentals.

Deferred Revenue Deferred revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

Property taxes for which there is an enforceable legal claim as of June 30, 2002, but which were levied to finance fiscal year 2003 operations, have been recorded as deferred revenue. Grants and entitlements received before eligibility requirements are met are also recorded as deferred revenue. On the modified accrual basis, receivables that will not be collected within the available period have also been reported as deferred revenue.

Expenditures/Expenses On the accrual basis of accounting, expenses are recognized at the time they are incurred.

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

C. Budgetary Data

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

to be budgeted and appropriated. The legal level of budgetary control is at the fund level. Any budgetary modifications at this level may only be made by resolution of the Board of Education. The Treasurer has been given the authority to allocate Board of Education appropriations among functions and objects.

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 Columbiana County Budget Commission for rate determination.

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

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

The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. Appropriations are allocated among functions within a fund during the fiscal year by the Treasurer without Board of Education approval. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions. Before year-end, the Board approved appropriations that reflected actual expenditures plus encumbrances for the fiscal year.

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

D. Cash and Cash Equivalents

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

During fiscal year 2002, investments were limited to certificates of deposit and STAROhio. Certificates of deposit are reported at cost.

STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 2002.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the general fund during fiscal year 2002 amounted to \$102,150, which includes \$7,491 assigned from other School District funds.

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

E. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2002, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

F. Inventory

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

G. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include unexpended revenues restricted for the purchase of buses and monies required by statute to be set-aside by the School District to create a reserve for the purchase of textbooks and budget stabilization. See Note 22 for additional information regarding set-asides.

H. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the dates received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

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

Assets in the general fixed asset group are not depreciated. Depreciation of furniture and equipment in the proprietary fund types is computed using the straight-line method over an estimated useful life of eight to twenty years.

I. Interfund Assets and Liabilities

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

J. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. The School District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

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

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

K. Accrued Liabilities and Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, and contractually required pension contributions that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current expendable available financial resources. Payments made more than sixty days after year-end are generally considered not to have been paid with current available financial resources. Capital leases are reported as a liability of the general long-term obligations account group until due.

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

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

L. Interfund Transactions

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

Nonrecurring or nonroutine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

M. Fund Balance Reserves

The School District reserves those portions of fund equity which are legally segregated for a specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves have been established for encumbrances, property taxes, endowments, textbooks, budget stabilization and bus purchase.

The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute. The reserve for budget stabilization represents money set-aside to protect against cyclical changes in revenues and expenditures. The reserve for endowments signifies the legal restrictions on the use of principal.

N. Estimates

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

O. Total Columns on General Purpose Financial Statements

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

Note 3 – Restatement of Fund Balance

The cash in the debt service was overstated in the prior year. The reported fund balance in the debt service fund at June 30, 2001, of \$113,518 was reduced by \$104,799 to \$8,719.

The cash in the capital projects fund was understated in the prior year. The reported fund balance in the capital projects funds at June 30, 2001, of (\$153,666) was increased \$104,799 to (\$48,867).

Note 4 - Accountability

At June 30, 2002, the following funds had deficit fund balances/retained earnings:

General Fund	\$681,636
Special Revenue Funds:	
Career Development	304
Extended Learning Opportunity	153
Adult Basic Education	299
Vocational Education	11,367
Eisenhower	202,972
Preschool	702
Capital Projects Fund:	
Permanent Improvement	338,433
Building	166
Classroom Facilities	13,909
Enterprise Fund:	
AfterCare	394

The general fund deficit resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities.

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

The capital projects fund deficit balances arose from the requirement to report notes as a liability in the fund which received the proceeds. Once bonds are issued and the liability is reported in the general long-term obligations account group rather than in the funds, the deficit will be eliminated.

The enterprise fund retained earnings deficit resulted from the application of generally accepted accounting principles. The School District will review the operations to determine if steps need to be taken to insure that the fund is self-sustaining.

Note 5 - Budgetary Basis of Accounting

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

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
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The following tables summarize the adjustments necessary to reconcile the GAAP basis statements to the budgetary basis statements by fund type.

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

	General	Special Revenue	Debt Service	Capital Projects
GAAP Basis	(\$726,408)	(\$364,799)	\$0	(\$186,609)
Revenue Accruals	(462,704)	107,045	0	(14,961)
Advance In	36,611	179,005	0	10,148
Note Proceeds	0	0	0	7,900,000
Expenditure Accruals	219,768	(170,051)	0	(62,649)
Advances Out	(189,153)	(27,571)	0	(9,040)
Transfers to Pay Debt	0	0	95,904	(95,904)
Principal Retirement	0	0	(78,379)	78,379
Interest and Fiscal Charges	0	0	(26,244)	26,244
Encumbrances	(129,505)	(161,550)	0	(40,048)
Budget Basis	<u>(\$1,251,391)</u>	<u>(\$437,921)</u>	<u>(\$8,719)</u>	<u>\$7,605,560</u>

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

	Enterprise	Nonexpendable Trust
GAAP Basis	(\$199,780)	\$954
Revenue Accruals	(51,240)	0
Donated Commodities	2,436	0
Expense Accruals	40,406	0
Capital Outlay	30,505	0
Depreciation Expense	20,654	0
Encumbrances	(56,279)	0
Budget Basis	<u>(\$213,298)</u>	<u>\$954</u>

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 6 - Deposits and Investments

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

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

Inactive deposits are public deposits that the Board of Education has identified as not required for use within the current five year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

Interim deposits are deposits of interim monies. Interim monies are those monies which are not needed for immediate use but which will be needed before the end of the current period of designation of depositories. Interim deposits must be evidenced by time certificates of deposit maturing not more than one year from the date of deposit, or by savings or deposit accounts including passbook accounts.

Protection of School District's deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company bonds deposited with the treasurer by the financial institution, or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

Interim monies may be deposited or invested in the following securities:

1. United States treasury notes, bills, bonds or any other obligation or security issued by the United States treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAROhio);

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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

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

The following information classifies deposits and investments by categories of risk as defined in GASB Statement 3, "Deposits with Financial Institutions, Investments , and Reverse Repurchase Agreements".

Deposits At fiscal year end, the carrying amount of the School District's deposits was \$7,573,565 and the bank balance was \$8,161,322. Of the bank balance:

1. \$200,000 was covered by federal depository insurance; and
2. \$7,961,322 was uninsured and uncollateralized. Although all state statutory requirements for the deposit of money had been followed, non-compliance with federal requirements could potentially subject the School District to a successful claim by the FDIC.

Investments The School District's investments are required to be categorized to give an indication of the level of risk assumed by the School District at year end. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name. STAROhio is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form and has a carrying and a fair value of \$2,769,414.

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9. A reconciliation between the classifications of cash and investments on the combined financial statements and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Cash and Cash Equivalents/Deposits	Investments
GASB Statement 9	\$10,342,979	\$0
Investments which are part of the cash management pool:		
STAROhio	(2,769,414)	2,769,414
GASB Statement 3	\$7,573,565	\$2,769,414

Note 7 - Property Taxes

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

Property taxes include amounts levied against all real, public utility and tangible personal property located in the School District. Property tax revenue received during calendar 2002 for real and public utility property taxes represents collections of calendar 2001 taxes. Property tax payments received during calendar 2002 for tangible personal property (other than public utility property) are for calendar 2002 taxes.

2002 real property taxes are levied after April 1, 2002, on the assessed value listed as of January 1, 2002, the lien date. Assessed values are established by State law at thirty-five percent of appraised market value.

Public utility tangible personal property currently is assessed at varying percentages of true value; public utility real property is assessed at thirty-five percent of true value. 2002 public utility property taxes became a lien December 31, 2001, are levied after April 1, 2002 and are collected in 2002 with real property taxes.

2002 tangible personal property taxes are levied after April 1, 2001, on the value as of December 31, 2001. Collections are made in 2002. Tangible personal property assessments are twenty-five percent of true value.

The assessed values upon which the fiscal year 2002 taxes were collected are:

	2001 Second- Half Collections		2002 First- Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential And Other Real Estate	\$119,676,050	77.90%	\$119,676,050	77.90%
Public Utility Personal	12,684,180	8.26	12,684,180	8.26
Tangible Personal Property	21,262,590	13.84	21,262,590	13.84
Total assessed values	\$153,622,820	100.00%	\$153,622,820	100.00%
Tax rate per \$1,000 of assessed valuation	\$36.70		\$36.70	

East Liverpool City School District
Notes to the General Purpose Financial Statements
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Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20. Under certain circumstances, State statute permits later payment dates to be established.

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

The School District receives property taxes from Columbiana County. The County Auditor periodically advance to the School District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 2002, are available to finance fiscal year 2002 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2002 and for which there is an enforceable legal claim. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 was levied to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations.

The amount available to the School District as an advance at June 30, 2002, was \$496,983 in the general fund and \$25,204 in the permanent improvements capital projects fund.

Note 8 - Fixed Assets

A summary of enterprise fund fixed assets at June 30, 2002, follows:

Furniture and Equipment	\$566,008
Vehicles	<u>5,010</u>
Total	571,018
Less: Accumulated Depreciation	<u>(451,432)</u>
 Net Assets	 <u><u>\$119,586</u></u>

A summary of the changes in general fixed assets during fiscal year 2002 follows:

	Balance 6/30/2001	Additions	Deductions	Balance 6/30/2002
Land and Improvements	\$900,660	\$0	\$0	\$900,660
Buildings	11,163,198	0	0	11,163,198
Equipment	3,959,784	359,282	0	4,319,066
Vehicles	<u>1,263,582</u>	<u>0</u>	<u>0</u>	<u>1,263,582</u>
 Total General Fixed Assets	 <u><u>\$17,287,224</u></u>	 <u><u>\$359,282</u></u>	 <u><u>\$0</u></u>	 <u><u>\$17,646,506</u></u>

East Liverpool City School District
Notes to the General Purpose Financial Statements
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There was no significant construction in progress at June 30, 2002.

Note 9 - Receivables

Receivables at June 30, 2002 consisted of property taxes, accounts (billings for user charged services, and student fees), interfund, and intergovernmental grants. All receivables are considered collectible in full.

A summary of the principal items of intergovernmental receivables follows:

	Amounts
General Fund	
County Auditor	\$7,756
Board of Education	1,987
Total General Fund	9,743
Special Revenue Funds:	
Adult Basic Education	37,537
Vocational Education	47,494
Title I	282,655
Title VI	14,953
Drug Free Schools	10,284
Reducing Class Size	14,609
Total Special Revenue Funds	407,532
Food Service Enterprise Fund	52,366
Total	\$469,641

Note 10 - Risk Management

The School District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2002, the School District has contracted with Nationwide Insurance for fleet insurance property and inland marine insurance, liability insurance and with Auto-Owners Insurance Company for flood insurance. Coverage provided is as follows:

East Liverpool City School District
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Type of Coverage	Coverage Amount
Property: All Building and Contents (\$1,000 deductible)	\$64,866,900
Flood: Field, Building and Contents (\$750 deductible)	\$500,000
Inland Marine Coverage (\$100 deductible)	100,000
Crime Insurance (\$250 deductible)	20,000
Automobile (\$250 deductible)	2,000,000
Uninsured (\$250 deductible)	1,000,000
General Liability	
Per occurrence	4,000,000
Total per year	2,000,000

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

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

Note 11 - Defined Benefit Pension Plans

A. School Employees Retirement System

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

Plan members are required to contribute 9 percent of their annual covered salary and the School District is required to contribute at an actuarially determined rate. The current School District rate is 14 percent of annual covered payroll. A portion of the School District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2002, 5.46 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2001, 4.2 percent was used to fund pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$170,580, \$120,289 and \$146,864 respectively; 57.02 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$73,321 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries.

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Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2002, plan members were required to contribute 9.3 percent of their annual covered salaries. The School District was required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2002, 2001, and 2000 were \$1,165,296, \$1,130,532 and \$680,970 respectively; 81.99 percent has been contributed for fiscal year 2002 and 100 percent for fiscal years 2001 and 2000. \$209,873 representing the unpaid contribution for fiscal year 2002, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2002, two members of the Board of Education have elected Social Security. The Board's liability is 6.2 percent of wages paid.

Note 12 - Postemployment Benefits

The School District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums.

Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are on a pay-as-you-go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2002, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund. For the School District, this amount equaled \$551,982 for fiscal year 2002.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2001, (the latest information available) the balance in the Fund was \$3.256 billion. For the year ended June 30, 2001, net health care costs paid by STRS were \$300,772,000 and STRS had 102,132 eligible benefit recipients.

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2002, employer contributions to fund health care benefits were 8.54 percent of covered payroll, a decrease of 1.26 percent from fiscal year 2001. 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 2002, the minimum pay was established at \$12,400. For the School District, the amount contributed to fund health care benefits, including the surcharge, during the 2002 fiscal year equaled \$266,804.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of the annual health care expenses. Expenses for health care for the fiscal year ended June 30, 2001 (the latest information available), were \$161,439,934 and the target level was \$242.2 million. At June 30, 2001, SERS had net assets available for payment of health care benefits of \$315.7 million. SERS has approximately 50,000 participants currently receiving health care benefits.

Note 13 - Other Employee Benefits

A. Compensated Absences

The criteria for determining vacation and sick leave benefits are derived from negotiated agreements and State laws. Classified employees earn ten to twenty-five days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time. Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 200 days for classified personnel and 240 days for certified personnel. Upon retirement, payment is made to classified employees for one-third of the first 90 days plus 10 percent of the remaining balance up to the 200 days maximum and to certified employees for one-third of the first 90 days plus 10 percent of the remaining balance up to 240 days maximum. In no case shall a certified retiree receive less than 10 days, regardless of the number of sick days accumulated.

B. Life Insurance

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

C. Health Insurance

The School District provides medical and dental insurance to all certified employees and to those classified employees working at least 22.5 hours per week, through Medical Mutual of Ohio. Coverage for classified employees begins the first day of the month following six months of employment, with 100 percent of the premium paid by the School District. Coverage for certified employees begins the first day of employment, with 100 percent paid by the School District.

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 14 – Note Payable

During fiscal year 2002, the School District issued \$7,900,000 in bond anticipation notes for the purpose of school improvements. The notes will be replaced with bonds. These notes are backed by the full faith and credit of the School District. This note is divided between the classroom facilities and building capital projects funds. The District plans to issue General Obligation Bonds in 2003.

	Balance 6/30/2001	Additions	Deductions	Balance 6/30/2002
Bond Anticipation Note - 5.25%	\$0	\$7,900,000	\$0	\$7,900,000

Note 15 - Loans Payable

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

	Principal Outstanding 6/30/2001	Additions	Deductions	Principal Outstanding 6/30/2002
Capital Projects Fund Energy Conservation Loan 5.00%	\$560,493	\$0	\$78,379	\$482,114

The School District on September 9, 1997 issued an \$822,000 unvoted general obligation energy conservation loan for the purpose of providing energy conservation measures for the School District and to finance building improvements. The loan is being retired from taxes revenue. The liability is reflected in the permanent improvement capital projects fund which received the proceeds.

Principal and interest requirements to retire general obligation debt outstanding at June 30, 2002, are as follows:

Fiscal Year Ending June 30,2002	Principal	Interest	Total
2003	\$82,383	\$22,240	\$104,623
2004	86,598	18,025	104,623
2005	91,028	13,595	104,623
2006	95,686	8,937	104,623
2007	100,581	4,042	104,623
2008	25,838	215	26,053
Total	\$482,114	\$67,054	\$549,168

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 16 - General Long-Term Obligations

The changes in the School District's long-term obligations during fiscal year 2002 were as follows:

	Outstanding 6/30/2001	Additions	Deletions	Outstanding 6/30/2002
Compensated Absences	\$1,624,745	\$386,422	\$50,352	\$1,960,815
Intergovernmental Payable	157,496	315,609	157,496	315,609
Capital Leases	0	132,351	6,610	125,741
Total	\$1,782,241	\$834,382	\$214,458	\$2,402,165

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

The School District's overall legal debt margin was \$13,712,536 with an unvoted debt margin of \$153,623 at June 30, 2002.

Note 17 - Capital Leases - Lessee Disclosure

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

Fixed assets acquired by lease have been capitalized in the general fixed assets account group in the amount of \$132,351, which is equal to the present value of the future minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group.

Fiscal Year Ending June 30,	Amount
2003	\$108,000
2004	90,000
Total	198,000
Less: Amount Representing Interest	(72,259)
Present Value of Net Minimum Lease Payments	\$125,741

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 18 - Interfund Activity

As of June 30, 2002, receivables and payables that resulted from various interfund transactions were as follows

<u>Fund Type/Fund</u>	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$239,871	\$0
Special Revenue Funds:		
Athletics	0	2,131
Career Development	225	0
Summer Intervention	0	124
Adult Basic Education	0	37,537
Eisenhower	0	218
Title VI-B	0	35,426
Vocational Education	0	59,091
Title I	0	72,335
Title VI	0	8,213
Drug Free Schools	0	4,128
Reducing Class Size	0	39
Other State Grants	0	3,546
Total Special Revenue Funds	<u>225</u>	<u>222,788</u>
Capital Projects Fund:		
School Net Plus	<u>0</u>	<u>17,308</u>
Total All Funds	<u><u>\$240,096</u></u>	<u><u>\$240,096</u></u>

Note 19 - Segment Information for Enterprise Funds

The School District maintains two enterprise funds to account for the operations of food service and after care. The table below reflects the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30, 2002.

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

	Food Service	After Care	Total
Operating Revenues	\$334,592	\$13,000	\$347,592
Depreciation Expense	20,654	0	20,654
Operating Loss	(793,882)	(4,744)	(798,626)
Federal Donated Commodities	106,584	0	106,584
Operating Grants	492,262	0	492,262
Net Loss	(195,036)	(4,744)	(199,780)
Fixed Asset Additions	30,505	0	30,505
Net Working Capital	244,008	(247)	243,761
Total Assets	566,281	1,326	567,607
Long-Term Compensated Absences Payable	26,335	147	26,482
Total Equity	417,228	(394)	416,834
Encumbrances at June 30, 2002	56,279	0	56,279

Note 20 - Jointly Governed Organization

The Area Cooperative Computer Educational Service System is a jointly governed organization. The School District is a participant in the Area Cooperative Computer Educational Service System (ACCESS) which is a not-for-profit computer consortium. ACCESS's primary function is to provide data processing services to its twenty-three member school districts with the major emphasis being placed on accounting, payroll, personnel records and inventory control services. ACCESS is governed by an assembly consisting of the superintendents (or other designees) of the member school districts. The assembly exercises total control over the operation of ACCESS, including budgeting, appropriating, contracting and designating management. All revenue is generated from State funding and charges for services. The School District paid ACCESS \$61,549 for services provided during the fiscal year ending June 30, 2002.

Note 21 - Contingencies

A. Grants

The School District received financial assistance from federal and state agencies in the form of grants. The expenditure of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the School District at June 30, 2002.

B. Litigation

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

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

Note 22 - Set-Asides

The School District is required by State statute to annually set aside in the general fund an amount based on a statutory formula for the purchase of textbooks and other instructional materials and an equal amount for the acquisition and construction of capital improvements. Amounts not spent by year-end or offset by similarly restricted resources received during the year must be held in cash at year-end. These amounts must be carried forward to be used for the same purposes in future years. In prior years, the School District was also required to set aside money for budget stabilization. At June 30, 2002, only the unspent portion of certain workers' compensation refunds continues to be set-aside.

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

	Budget Stabilization	Capital Improvements	Textbook/ Instructional Materials
Set-aside Reserve Balance as of June 30, 2001	\$372,511	\$0	\$123,830
Current Year Set-aside Requirement	0	403,851	403,851
Qualifying Disbursements	0	(459,796)	(496,661)
Totals	<u>\$372,511</u>	<u>(\$55,945)</u>	<u>\$31,020</u>
Set-aside Balance Carried Forward to Future Fiscal Years	<u>\$372,511</u>	<u>\$0</u>	<u>\$31,020</u>
Set-aside Reserve Balance as of June 30, 2002	<u>\$372,511</u>	<u>\$0</u>	<u>\$31,020</u>

The School District had qualifying disbursements during the fiscal year that reduced the capital improvement set-aside amounts below zero. Although the School District had qualifying disbursements during the fiscal year that reduced the set-aside amounts to below zero for the capital acquisition set-aside, this amount may not be used to reduce the set-aside requirement of future years. This negative balance is therefore not presented as being carried forward to future years. The total reserve balance for the three set-asides at the end of the fiscal year was \$403,531.

Note 23 – State School Funding Decision

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.

East Liverpool City School District
Notes to the General Purpose Financial Statements
For the Fiscal Year Ended June 30, 2002

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. In November 2001, the Court granted the request for reconsideration, but also ordered the parties to participate in a settlement conference with a court appointed mediator. On March 21, 2002, the mediator issued his final report indicating that the conference was unable to produce a settlement. The case is now under reconsideration by the Court.

The School District is currently unable to determine what effect, if any, this decision will have on its future State funding and on its financial operations.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE FISCAL YEAR ENDED JUNE 30, 2002**

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	03-PU-01	10.550		\$68,333		\$70,958
National School Lunch Program	04-PU-01	10.555	350,104		350,104	
National School Breakfast Program	05-PU-01	10.553	98,004		98,004	
Total U.S. Department of Agriculture - Nutrition Cluster			448,108	68,333	448,108	70,958
U.S. Department of Education						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Cluster:						
Title VI-B Flow Through	6B-SF-00P	84.027	4,032		924	
	6B-SF-01P		51,567		93,008	
	6B-SF-02P		352,269		282,935	
Total Title VI-B Flow Through Grant			407,868		376,867	
Special Education - Preschool Grant	PG-S1-01P	84.173			576	
	PG-S1-02P		19,976		19,476	
Total Special Education - Preschool Grant			19,976		20,052	
Total Special Education Cluster			427,844		396,919	
Goals 2000 Grant						
Continuous Improvement Grant	G2-S0-00	84.276			14,011	
	G2-S1-01		26,529		16,328	
	G2-S2-02				3,277	
Total Goals 2000 Grant			26,529		33,616	
Performance Incentive Grant	G2-S1-99	94.004			651	
	G2-S1-01		8,117		8,117	
	G2-S1-02				2,616	
Total Performance Incentive Grant			8,117		11,384	
Title VI-R ,Class Size Reduction Grant	CR-S1-01	84.340	17,218		59,535	
	CR-S1-02		186,262		131,462	
Total Class Size Reduction Grant			203,480		190,997	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-00C	84.010	(4,067)		25,483	
	C1-S1-01C				27,575	
	C1-S1-99				285	
	C1-S1-01		144,291		292,658	
	C1-S1-02		910,995		973,364	
Total ESEA Title I			1,051,219		1,319,315	
Title VI	99	84.151			60	
	00				1,494	
	01		3,647		7,232	
	02		6,108		11,400	
Total VI			9,755		20,186	

EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR FISCAL YEAR ENDED JUNE 30, 2002
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass-Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Drug Free School Grant	DR-S1-00 DR-S1-01 DR-S1-02	84.186	268 <u>2,900</u>		1,451 2,464 <u>6,906</u>	
Total Drug Free School Grant			<u>3,168</u>		<u>10,821</u>	
Impact Aid	45-OH-98-2401	84.041	<u>2,008</u>		<u>3,826</u>	
Title II - Dwight D. Eisenhower Program	MS-S1-98C MS-S1-99C MS-S1-00 MS-S1-01 MS-S1-02	84.281	2,485 <u>30,617</u>		402 123 3,114 4,915 <u>4,899</u>	
Total Title II - Dwight D. Eisenhower Program			<u>33,102</u>		<u>13,453</u>	
Adult Basic Education	AB-S1-01 AB-S1-021	84.002	29,460 <u>29,460</u>		254 <u>93,930</u>	
Total Adult Basic Education			<u>29,460</u>		<u>94,184</u>	
Vocational Education Basic Grants to States	FY 00C FY 01 FY 02	84.048	18,360 14,982 <u>20,354</u>		14,103 <u>72,068</u>	
Total Vocational Education			<u>53,696</u>		<u>86,171</u>	
Total Department of Education			<u>1,848,378</u>		<u>2,180,872</u>	
U.S. Department of Health and Human Service <i>Passed Through Ohio Department of MRDD:</i> Community Alternative Fundng System	FY 02	93.778	<u>86,307</u>		<u>68,578</u>	
Total Federal Awards			<u>\$2,382,793</u>	<u>\$68,333</u>	<u>\$2,697,558</u>	<u>\$70,958</u>

The notes to the schedule of federal awards expenditures are an integral part of this schedule.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**NOTES TO THE SCHEDULE OF FEDERAL AWARDS EXPENDITURES
JUNE 30, 2002**

1. SIGNIFICANT ACCOUNTING POLICIES

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

2. FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2002, the District had no significant food commodities in inventory.



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

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

To the Board of Education:

We have audited the financial statements of the East Liverpool City School District, Columbiana County, as of and for the year ended June 30, 2002 and have issued our report thereon dated November 25, 2002. 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.

Compliance

As part of obtaining reasonable assurance about whether the East Liverpool City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulation, 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 testing disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* and is described in the accompanying schedule of findings as item 02-11215-001. We also noted certain immaterial instances of noncompliance which we have reported to management of the East Liverpool City School District in a separate letter dated November 25, 2002.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the East Liverpool City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted a certain matter involving the internal control over financial reporting and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal controls over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying schedule of findings as item 02-11215-002.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we considered the reportable condition described above, item 02-11215-002, to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated November 25, 2002.

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

A handwritten signature in black ink, appearing to read "Jim Petro". The signature is stylized and cursive.

Jim Petro
Auditor of State

November 25, 2002



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

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

To the Board of Education:

Compliance

We have audited the compliance of the East Liverpool City School District, Columbiana County, 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, 2002. East Liverpool City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grant applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with 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 about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

As described in items 02-11215-003 and 02-11215-004 in the accompanying schedule of findings, the East Liverpool City School District, Columbiana County did not comply with cash management requirements regarding the Class Size Reduction and Special Education (Title VI-B) grants. Compliance with such requirements is necessary, in our opinion, for the East Liverpool City School District, Columbiana County to comply with requirements applicable to those programs.

In our opinion, except for the noncompliance described in the preceding paragraph, the East Liverpool City School District, Columbiana County, 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, 2002. The results of our auditing procedures also disclosed an instance of noncompliance with the requirements that is required to be reported in accordance with OMB Circular A-133 which is described in the accompanying Schedule of Findings as item 02-11215-003.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item 02-11215-004.

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. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we consider item 02-11215-004 to be a material weakness. We also noted a certain matter involving the design and operation of the internal control over federal compliance that does not require inclusion in this report that we have reported to management of the District in a separate letter dated November 25, 2002.

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



Jim Petro
Auditor of State

November 25, 2002

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

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

JUNE 30, 2002

1. SUMMARY OF AUDITOR'S RESULTS
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<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	UNQUALIFIED
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	YES
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	NO
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	YES
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	YES
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	NO
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	QUALIFIED
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	YES
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster C.F.D.A. # 10.553.,10.555,10.550 Special Education Cluster C.F.D.A. # 84.027 & 84.173 Class Size Reduction CFDA # 84.340
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY**

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 §.505
JUNE 30, 2002
(Continued)**

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

Finding Number	02-11215-001
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Ohio Revised Code § 5705.41(B) states that no subdivision or taxing unit is to expend money unless it has been appropriated. Expenditures exceeded appropriations in the Title I Fund by 13%.

The District should monitor expenditures and make the necessary amendments to the appropriations to guard against overspending.

Finding Number	02-11215-002
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Estimated Resources/Appropriations

The Treasurer failed to post the estimated resources, as certified by the budget commission, to the District's accounting system until May. As a result, budget vs. actual comparisons made from the ledgers were not an accurate reflection of the District's financial activity for the period of July 2001 through May 2002. Inaccurate data does not provide the District with an effective means of monitoring the budget and diminishes the ability of the Board to manage the finances of the District.

The annual appropriations were passed by the Board of Education at the fund/function level for all District funds. The fund fund/function amounts posted to the appropriations ledger for several funds did not equal the amount appropriated for those individual fund function accounts per the resolution. As the appropriation resolution establishes the legal spending authority of the District and the appropriation ledger provides the process by which the District controls spending, it is necessary that the amounts appropriated by the Board of Education are posted accurately to the appropriation ledger. The Treasurer should post to each appropriation fund/function an amount equal to the amount appropriated for that fund/function.

All budgetary information certified by the Budget Commission or authorized by the Board of Education should be routinely posted to the records. The Treasurer should continuously supervise this function by inspecting official documents from the county budget commission, as well as, the resolutions approved by the Board of Education and matching the information against the District's ledgers. Complete and accurate information would provide an effective means of monitoring the budget and managing the financial activity of the District at any given time.

**EAST LIVERPOOL CITY SCHOOL DISTRICT
COLUMBIANA COUNTY
JUNE 30, 2002**

**SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A -133 § .315 (b)**

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i>
01-11215-001	ORC §5705.40, board granted blanket authorization to Treasurer to re-allocate funds above the established legal level of control and run set balance at year end.	Yes	
01-11215-002	Ohio Administrative Code §117-2-02(C), appropriations posted at the fund/function level did not equal the amount appropriated for those accounts.	No	Partially corrected; Law changed. Issued as Finding #02-11215-002
01-11215-003	Estimated resources, as certified by the budget commission were not posted to the District's accounting system.	Partially	Estimated resources were not posted to the accounting system until May 2002. Reissued as Finding 02-11215-002



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EAST LIVERPOOL CITY SCHOOL DISTRICT

COLUMBIANA COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 30, 2003**