

**AUSTINTOWN LOCAL SCHOOL DISTRICT
MAHONING COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	2
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – All Governmental Fund Types and Expendable Trust Fund	5
Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types	6
Combined Statement of Revenues, Expenses and Changes in Retained Earnings/ Fund Balance - Proprietary Fund Type and Similar Trust Fund	8
Combined Statement of Cash Flows - Proprietary Fund Type and Nonexpendable Trust Fund	9
Notes to the General-Purpose Financial Statements	10
Schedule of Federal Awards Expenditures	32
Notes to the Schedule of Federal Awards Expenditures	33
Report of Independent Accountants on Compliance and on <i>Internal Control Required by Government Auditing Standards</i>	34
Report of Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control over Compliance in Accordance with OMB Circular A-133	36
Schedule of Findings	38
Data Collection Form	40



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

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

REPORT OF INDEPENDENT ACCOUNTANTS

Board of Education
Austintown Local School District
Mahoning County
225 Idaho Road
Austintown, Ohio 44515

To the Board of Education:

We have audited the accompanying general-purpose financial statements of Austintown Local School District, Mahoning County, (the District), as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Austintown Local School District, Mahoning County, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 2, 2000 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.

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



Jim Petro
Auditor of State

February 2, 2000

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999

	<i>Governmental</i>			
	<i>Fund Types</i>			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
Assets and Other Debits:				
Assets:				
Cash and Cash Equivalents	\$3,460,878	\$568,551	\$65,936	\$313,730
Receivables (net of allowance for doubtful accounts):				
Taxes	19,862,610	0	277,750	0
Accounts	12,892	1,951	0	0
Intergovernmental	0	65,387	0	0
Inventory of Supplies at Cost	0	0	0	0
Restricted Assets:				
Cash and Cash Equivalents	204,007	0	0	0
Fixed Assets (net of accumulated depreciation)	0	0	0	0
Other Debits:				
Amount Available in Debt Service Fund	0	0	0	0
Amount to be Provided for General Long-Term Obligations	0	0	0	0
Total Assets and Other Debits	\$23,540,387	\$635,889	\$343,686	\$313,730
Liabilities, Equity and Other Credits:				
Liabilities:				
Accounts Payable	\$219,938	\$35,203	\$0	\$0
Accrued Wages and Benefits	3,062,692	78,331	0	0
Intergovernmental Payables	520,607	8,126	0	0
Undistributed Monies	0	0	0	0
Due to Students	0	0	0	0
Deferred Revenue	0	0	0	0
Deferred Revenue - Taxes	19,853,189	0	248,096	0
Long-Term Loans Payable	0	0	0	0
Early Retirement Incentive Payable	374,676	11,702	0	0
Compensated Absences Payable	0	0	0	0
Total Liabilities	24,031,102	133,364	248,096	0
Equity and Other Credits:				
Investment in General Fixed Assets	0	0	0	0
Retained Earnings:				
Unreserved	0	0	0	0
Fund Balances:				
Reserved for Encumbrances	420,853	187,673	0	2,488
Statutory Reserves	204,007	0	0	0
Reserved for Endowments	0	0	0	0
Reserved for Debt Service	0	0	95,590	0
Unreserved:				
Undesignated	(1,115,575)	314,852	0	311,242
Total Equity and Other Credits	(490,715)	502,525	95,590	313,730
Total Liabilities, Equity and Other Credits	\$23,540,387	\$635,889	\$343,686	\$313,730

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

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

Enterprise Funds	<i>Fiduciary</i> <i>Fund Types</i>	<i>Account</i> <i>Groups</i>		Totals (Memorandum Only)
	Trust and Agency Funds	General Fixed Assets	General Long Term Obligations	
\$199,521	\$746,872	\$0	\$0	\$5,355,488
0	0	0	0	20,140,360
0	287,548	0	0	302,391
69,717	199,054	0	0	334,158
52,062	0	0	0	52,062
0	0	0	0	204,007
25,664	0	22,327,207	0	22,352,871
0	0	0	95,590	95,590
0	0	0	4,994,534	4,994,534
<u>\$346,964</u>	<u>\$1,233,474</u>	<u>\$22,327,207</u>	<u>\$5,090,124</u>	<u>\$53,831,461</u>
\$0	\$0	\$0	\$0	\$255,143
85,163	0	0	0	3,226,186
93,830	0	0	179,372	801,935
0	1,172,836	0	0	1,172,836
0	41,902	0	0	41,902
44,639	0	0	0	44,639
0	0	0	0	20,101,285
0	0	0	982,516	982,516
0	0	0	1,506,947	1,893,325
55,802	0	0	2,421,289	2,477,091
<u>279,434</u>	<u>1,214,738</u>	<u>0</u>	<u>5,090,124</u>	<u>30,996,858</u>
0	0	22,327,207	0	22,327,207
67,530	0	0	0	67,530
0	0	0	0	611,014
0	0	0	0	204,007
0	7,490	0	0	7,490
0	0	0	0	95,590
0	11,246	0	0	(478,235)
<u>67,530</u>	<u>18,736</u>	<u>22,327,207</u>	<u>0</u>	<u>22,834,603</u>
<u>\$346,964</u>	<u>\$1,233,474</u>	<u>\$22,327,207</u>	<u>\$5,090,124</u>	<u>\$53,831,461</u>

This Page Intentionally Left Blank

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

	<i>Governmental</i>			<i>Fiduciary</i>		Totals (Memorandum Only)
	<i>Fund Types</i>			<i>Fund Type</i>		
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds	Expendable Trust Fund	
Revenues:						
Local Sources:						
Taxes	\$16,044,757	\$0	\$318,136	\$0	\$0	\$16,362,893
Tuition	4,454	12,208	0	0	0	16,662
Investment Earnings	173,113	10,236	0	0	946	184,295
Extracurricular Activities	3,780	503,210	0	0	0	506,990
Class Material and Fees	27,274	1,160	0	0	0	28,434
Intergovernmental - State	13,579,776	439,620	0	540,738	0	14,560,134
Intergovernmental - Federal	0	843,322	0	0	0	843,322
All Other Revenues	233,590	32,546	0	0	4,109	270,245
Total Revenues	30,066,744	1,842,302	318,136	540,738	5,055	32,772,975
Expenditures:						
Current:						
Instruction	18,359,585	790,772	0	0	0	19,150,357
Supporting Services:						
Pupils	1,758,147	52,104	0	0	0	1,810,251
Instructional Staff	669,143	130,031	0	0	0	799,174
Board of Education	9,956	0	0	0	0	9,956
Administration	2,686,424	274,461	0	0	0	2,960,885
Fiscal Services	649,704	497	0	0	0	650,201
Business	10,549	0	0	0	0	10,549
Operation and Maintenance of Plant	2,904,505	8,391	0	0	0	2,912,896
Pupil Transportation	1,644,540	0	0	0	0	1,644,540
Central	1,674	0	0	0	0	1,674
Community Services	0	238,482	0	0	6,678	245,160
Extracurricular Activities	398,469	282,896	0	0	0	681,365
Other Expenditures	3,296	2,880	0	0	0	6,176
Capital Outlay	370,843	0	0	499,891	0	870,734
Debt Service:						
Principal Retirements	0	0	247,948	0	0	247,948
Interest and Fiscal Charges	0	0	40,534	0	0	40,534
Total Expenditures	29,466,835	1,780,514	288,482	499,891	6,678	32,042,400
Excess (Deficiency) of Revenues Over (Under) Expenditures	599,909	61,788	29,654	40,847	(1,623)	730,575
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	1,244	0	0	0	0	1,244
Refunds of Prior Years' Expenditures	15,694	0	0	0	0	15,694
Total Other Financing Sources	16,938	0	0	0	0	16,938
Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	616,847	61,788	29,654	40,847	(1,623)	747,513
Fund Balance (Deficit) Beginning of Year	(1,107,562)	440,737	65,936	272,883	12,867	(315,139)
Fund Balance End of Year	(\$490,715)	\$502,525	\$95,590	\$313,730	\$11,244	\$432,374

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

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

	<i>General Fund</i>			<i>Special Revenue Funds</i>		
	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
Revenues:						
Local Sources:						
Taxes	\$16,227,928	\$16,043,412	(\$184,516)	\$0	\$0	\$0
Tuition	15,288	15,089	(199)	11,326	12,208	882
Investment Earnings	150,000	173,113	23,113	9,200	10,236	1,036
Extracurricular Activities	3,780	3,780	0	478,686	503,390	24,704
Class Material and Fees	21,931	26,047	4,116	1,000	1,160	160
Intergovernmental - State	13,555,123	13,593,553	38,430	466,918	478,249	11,331
Intergovernmental - Federal	0	0	0	954,728	892,523	(62,205)
All Other Revenues	213,087	213,849	762	38,670	40,200	1,530
Total Revenues	30,187,137	30,068,843	(118,294)	1,960,528	1,937,966	(22,562)
Expenditures:						
Current:						
Instruction	18,782,606	17,963,910	818,696	980,958	890,530	90,428
Supporting Services:						
Pupils	1,726,494	1,708,771	17,723	51,226	50,699	527
Instructional Staff	606,734	586,661	20,073	153,145	135,790	17,355
Board of Education	38,000	8,117	29,883	0	0	0
Administration	2,655,344	2,479,260	176,084	355,151	285,665	69,486
Fiscal Services	683,310	651,504	31,806	8,500	500	8,000
Business	15,090	13,476	1,614	0	0	0
Operation and Maintenance of Plant	3,034,211	2,907,648	126,563	12,900	8,391	4,509
Pupil Transportation	1,832,076	1,703,739	128,337	0	0	0
Central	2,000	1,930	70	500	0	500
Community Services	0	0	0	316,845	315,145	1,700
Extracurricular Activities	462,282	400,218	62,064	323,052	292,439	30,613
Other Expenditures	3,296	3,296	0	2,880	2,880	0
Capital Outlay	1,188,101	736,513	451,588	0	0	0
Debt Service:						
Principal Retirement	0	0	0	0	0	0
Interest and Fiscal Charges	0	0	0	0	0	0
Total Expenditures	31,029,544	29,165,043	1,864,501	2,205,157	1,982,039	223,118
Excess (Deficiency) of						
Revenues Over (Under) Expenditures	(842,407)	903,800	1,746,207	(244,629)	(44,073)	200,556
Other Financing Sources:						
Proceeds from Sale of Fixed Assets	1,104	1,244	140	0	0	0
Refunds of Prior Years' Expenditures	15,694	15,694	0	0	0	0
Total Other Financing Sources	16,798	16,938	140	0	0	0
Excess (Deficiency) of Revenues						
and Other Financing Sources Over (Under)						
Expenditures and Other Financing Uses	(825,609)	920,738	1,746,347	(244,629)	(44,073)	200,556
Fund Balance at Beginning of Year	1,526,360	1,526,360	0	344,715	344,715	0
Prior Year Encumbrances	576,996	576,996	0	45,910	45,910	0
Fund Balance at End of Year	\$1,277,747	\$3,024,094	\$1,746,347	\$145,996	\$346,552	\$200,556

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

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

<i>Debt Service Fund</i>			<i>Capital Projects Funds</i>			<i>Totals (Memorandum Only)</i>		
Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)	Revised Budget	Actual	Variance: Favorable (Unfavorable)
\$288,482	\$288,482	\$0	\$0	\$0	\$0	\$16,516,410	\$16,331,894	(\$184,516)
0	0	0	0	0	0	26,614	27,297	683
0	0	0	0	0	0	159,200	183,349	24,149
0	0	0	0	0	0	482,466	507,170	24,704
0	0	0	0	0	0	22,931	27,207	4,276
0	0	0	540,738	540,738	0	14,562,779	14,612,540	49,761
0	0	0	0	0	0	954,728	892,523	(62,205)
0	0	0	0	0	0	251,757	254,049	2,292
288,482	288,482	0	540,738	540,738	0	32,976,885	32,836,029	(140,856)
0	0	0	604,230	503,072	101,158	20,367,794	19,357,512	1,010,282
0	0	0	0	0	0	1,777,720	1,759,470	18,250
0	0	0	0	0	0	759,879	722,451	37,428
0	0	0	0	0	0	38,000	8,117	29,883
0	0	0	0	0	0	3,010,495	2,764,925	245,570
0	0	0	0	0	0	691,810	652,004	39,806
0	0	0	0	0	0	15,090	13,476	1,614
0	0	0	35,679	15,280	20,399	3,082,790	2,931,319	151,471
0	0	0	0	0	0	1,832,076	1,703,739	128,337
0	0	0	0	0	0	2,500	1,930	570
0	0	0	0	0	0	316,845	315,145	1,700
0	0	0	0	0	0	785,334	692,657	92,677
0	0	0	0	0	0	6,176	6,176	0
0	0	0	0	0	0	1,188,101	736,513	451,588
247,948	247,948	0	0	0	0	247,948	247,948	0
40,534	40,534	0	0	0	0	40,534	40,534	0
288,482	288,482	0	639,909	518,352	121,557	34,163,092	31,953,916	2,209,176
0	0	0	(99,171)	22,386	121,557	(1,186,207)	882,113	2,068,320
0	0	0	0	0	0	1,104	1,244	140
0	0	0	0	0	0	15,694	15,694	0
0	0	0	0	0	0	16,798	16,938	140
0	0	0	(99,171)	22,386	121,557	(1,169,409)	899,051	2,068,460
65,936	65,936	0	271,429	271,429	0	2,208,440	2,208,440	0
0	0	0	17,467	17,467	0	640,373	640,373	0
\$65,936	\$65,936	\$0	\$189,725	\$311,282	\$121,557	\$1,679,404	\$3,747,864	\$2,068,460

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
PROPRIETARY FUND TYPE AND SIMILAR TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals (Memorandum Only)
	Enterprise Funds	Nonexpendable Trust Fund	
<u>Operating Revenues:</u>			
Tuition and Fees	\$40,955	\$0	\$40,955
Sales	751,999	0	751,999
Investment Earnings	0	382	382
Total Operating Revenues	<u>792,954</u>	<u>382</u>	<u>793,336</u>
<u>Operating Expenses:</u>			
Salaries and Wages	572,415	0	572,415
Fringe Benefits	264,671	0	264,671
Contractual Services	2,472	0	2,472
Materials and Supplies	504,187	0	504,187
Depreciation	3,765	0	3,765
Other Operating Expenses	5,448	0	5,448
Total Operating Expenses	<u>1,352,958</u>	<u>0</u>	<u>1,352,958</u>
Operating Income (Loss)	(560,004)	382	(559,622)
<u>Non-Operating Revenues:</u>			
Operating Grants	386,996	0	386,996
Federally Donated Commodities	78,760	0	78,760
Investment Earnings	5,730	0	5,730
Miscellaneous	58,959	0	58,959
Total Non-Operating Revenues	<u>530,445</u>	<u>0</u>	<u>530,445</u>
Net Income (Loss)	(29,559)	382	(29,177)
Retained Earnings/Fund Balance at Beginning of Year	<u>97,089</u>	<u>7,108</u>	<u>104,197</u>
Retained Earnings/Fund Balance at End of Year	<u>\$67,530</u>	<u>\$7,490</u>	<u>\$75,020</u>

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

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE FISCAL YEAR ENDED JUNE 30, 1999

	<u>Proprietary</u> <u>Fund Type</u>	<u>Fiduciary</u> <u>Fund Type</u>	Totals
	Enterprise Funds	Nonexpendable Trust Fund	(Memorandum Only)
<u>Cash Flows from Operating Activities:</u>			
Cash Received from Customers	\$805,870	\$0	\$805,870
Cash Received from Tuition and Fee Payments	40,955	0	40,955
Cash Payments for Goods and Services	(435,436)	0	(435,436)
Cash Payments to Employees for Services and Benefits	(787,489)	0	(787,489)
Net Cash Used by Operating Activities	<u>(376,100)</u>	<u>0</u>	<u>(376,100)</u>
<u>Cash Flows from Noncapital Financing Activities:</u>			
Operating Grants Received	337,505	0	337,505
Net Cash Provided by Noncapital Financing Activities	<u>337,505</u>	<u>0</u>	<u>337,505</u>
<u>Cash Flows from Investing Activities:</u>			
Receipts of Interest	5,730	382	6,112
Net Cash Provided by Investing Activities	<u>5,730</u>	<u>382</u>	<u>6,112</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(32,865)	382	(32,483)
Cash and Cash Equivalents at Beginning of Year	232,386	7,108	239,494
Cash and Cash Equivalents at End of Year	<u>\$199,521</u>	<u>\$7,490</u>	<u>\$207,011</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash</u>			
<u>Used by Operating Activities:</u>			
Operating Income (Loss)	(\$560,004)	\$382	(\$559,622)
Adjustments to Reconcile Operating Income (Loss) to			
Net Cash Used by Operating Activities:			
Miscellaneous Non-operating Income	58,959	0	58,959
Depreciation Expense	3,765	0	3,765
Donated Commodities Used During the Year	78,760	0	78,760
Interest on Investment	0	(382)	(382)
Changes in Assets and Liabilities:			
Increase in Intergovernmental Receivable	(5,088)	0	(5,088)
Increase in Inventory	(3,783)	0	(3,783)
Increase in Accrued Wages and Benefits	14,724	0	14,724
Increase in Intergovernmental Payables	27,712	0	27,712
Increase in Deferred Revenue	1,694	0	1,694
Increase in Compensated Absences	7,161	0	7,161
Total Adjustments	<u>183,904</u>	<u>(382)</u>	<u>183,522</u>
Net Cash Used by Operating Activities	<u>(\$376,100)</u>	<u>\$0</u>	<u>(\$376,100)</u>

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

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Austintown Local School District, Ohio (the District) is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is governed by a locally elected five member Board of Education (the Board) which provides educational services. The Board controls the District's instructional support facilities staffed by approximately 254 non-certified and 321 certified teaching personnel and administrative employees providing education to 5,170 students.

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," in that the financial statements include all organizations, activities, functions and component units for which the District (the reporting entity) is financially accountable. Financial accountability is defined as the appointment of a voting majority of a legally separate organization's governing body and either the District's ability to impose its will over the organization or the possibility that the organization will provide a financial benefit to, or impose a financial burden on the District. There were no potential component units that met the criteria imposed by GASB Statement No. 14 to be included in the District's reporting entity.

The School District is associated with two organizations, which are defined as jointly governed organizations and two public entity risk pools. These organizations are the Mahoning County Joint Vocational Schools, the Area Cooperative Computerized Educational Services System (ACCESS), the Stark County Schools Council Group Rating Plan and the Mahoning County School Employee Insurance Consortium. These organizations are presented in Notes 13 and 14 to the general purpose financial statements.

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

B. Basis of Presentation - Fund Accounting

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

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

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

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

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

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

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

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

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

Fiduciary Funds

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Presentation - Fund Accounting (Continued)

Account Groups - To make a clear distinction between fixed assets related to specific funds and that of general government and between long-term liabilities related to specific funds and that of a general nature, the following account groups are used:

General Fixed Assets Account Group - This account group is established to account for fixed assets of the District, other than those accounted for in the proprietary funds.

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

C. Basis of Accounting

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

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

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

Current property taxes measurable at June 30, 1999, and which are not intended to finance fiscal 1999 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) and amounts available as an advance on future tax settlements are recognized as revenue at year end. Taxes available for advance and recognized as revenue but not received by the District prior to June 30, 1999 are reflected as a reservation of fund balance for future appropriations. Law prohibits the District from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process

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

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

1. Tax Budget

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

2. Estimated Resources

Prior to April 1, the Board accepts by formal resolution, the tax rates as determined by the County Budget Commission and receives the Commission's Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the certificate of estimated resources. The revised budget then serves as the basis for the annual appropriations measure. On or about July 1, the certificate of estimated resources is amended to include any unencumbered fund balances from the preceding year. The certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. The amounts reported on the budgetary statement reflect the amounts in the final amended official certificate of estimated resources issued during fiscal year 1999.

3. Appropriations

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

4. Encumbrances

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

5. Lapsing of Appropriations

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

6. Budgetary Basis of Accounting

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

This space intentionally left blank

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

D. Budgetary Process (Continued)

6. Budgetary Basis of Accounting (Continued)

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

	Excess (Deficiency) of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses			
	General Fund	Special Revenue Funds	Debt Service Fund	Capital Projects Funds
GAAP Basis (as reported)	\$616,847	\$61,788	\$29,654	\$40,847
Increase (Decrease):				
Accrued Revenues at June 30, 1999, received during FY 2000	(22,313)	(67,338)	(29,654)	0
Accrued Revenues at June 30, 1998, received during FY 1999	104,621	163,002	0	0
Accrued Expenditures at June 30, 1999, paid during FY 2000	4,177,913	133,364	0	0
Accrued Expenditures at June 30, 1998, paid during FY 1999	(3,315,539)	(112,890)	0	(16,013)
Encumbrances Outstanding at June 30, 1999	(640,791)	(221,999)	0	(2,448)
Budget Basis	<u>\$920,738</u>	<u>(\$44,073)</u>	<u>\$0</u>	<u>\$22,386</u>

E. Cash and Cash Equivalents

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

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F. Inventory

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

G. Fixed Assets and Depreciation

The accounting and reporting treatment applied to fixed assets is determined by their ultimate use:

1. Property, Plant and Equipment - General Governmental Purposes

Fixed assets acquired or constructed for general governmental purposes are recorded as expenditures in the governmental funds and are capitalized at cost (or estimated historical cost for assets not purchased in recent years) in the General Fixed Assets Account Group. Contributed fixed assets are recorded at fair market value at the date received. The District does not possess any infrastructure. The District has elected not to record depreciation in the General Fixed Assets Account Group.

2. Property, Plant and Equipment - Proprietary Fund

Property, plant and equipment acquired by the proprietary funds are stated at cost (or estimated historical cost), including interest capitalized during construction and architectural and engineering fees where applicable. Contributed fixed assets are recorded at fair market value at the date received.

Depreciation has been provided using the straight-line method over the following estimated useful lives:

Description	Estimated Lives (in years)
Furniture and Equipment	5-20

H. Long-Term Obligations

Governmental funds payables and accrued liabilities are reported as obligations of the funds regardless of whether they are liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension and special termination benefits 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. Payment made more than sixty days after year end are generally considered not to have been paid with current available financial resources. Capital leases and the early retirement incentive are recognized as a liability of the general long-term obligations account group until resources have been accumulated in the fund for payment early in the following year.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

I. Compensated Absences

In accordance with GASB Statement No. 16, "Accounting for Compensated Absences," vacation benefits are accrued as a liability when an employee's right to receive compensation is attributable to services already rendered, and it is probable that the employee will be compensated through paid time off or some other means, such as cash payments at termination or retirement. Classified employees earn ten to twenty days of vacation per year, depending upon length of service and hours worked. Teachers do not earn vacation time. Administrators earn twenty days of vacation annually. Sick leave benefits are accrued as a liability using the vested method. Teachers, administrators and classified employees earn sick leave at the rate of one and one-fourth day per month. Upon retirement, classified employees and certified employees receive payment for twenty-five percent of the total leave accumulation up to 168 days and seven percent for total leave accumulation greater than 168 days.

For governmental funds, that portion of unpaid compensated absences that is expected to be paid using expendable, available resources is reported as an expenditure in the fund from which the individual earning the leave is paid, and a corresponding liability is reflected in the account "Compensated Absences Payable." The long-term portion of the liability is reported in the General Long-Term Obligations Account Group. Compensated absences are expensed in the proprietary funds when earned and the related liability is reported within the fund.

J. Pensions

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

K. Interfund Transactions

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

- Operating transfers are reported as "Other Financing Sources and Uses" in the governmental funds, as "Operating Transfers In" by the recipient fund, and "Operating Transfers Out" by the disbursing fund.
- Short-term interfund loans are reflected as interfund loans payable/receivable, while long-term interfund loans (greater than one year in length) are recorded as advances to/from other funds.
- Residual Equity Transfers are non-routine or non-recurring transfers between funds and are reported as additions to or deductions from the fund equity balance.

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Department of Education. During fiscal year 1999, the district received a refund from the Bureau of Workers' Compensation which State statute required being included in this reserve.

M. Reservations of Fund Balance

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

N. Contributed Capital

Proprietary fund type contributed capital is recorded at fair market value of the related assets at the date received. Depreciation on contributed fixed assets resulting from grants, entitlements and shared revenues is recorded as an operating expense and closed along with other operating expenses directly to retained earnings. There were no changes to contributed capital during the current fiscal year.

O. Total Columns on Combined Financial Statements - Overview

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

This space intentionally left blank

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 2 - PRIOR PERIOD ADJUSTMENT

During fiscal year 1999, the balances of the General Fixed Assets Account Group and Proprietary Fixed Assets were found to be incorrectly valued. The errors resulted in an understatement in the General Fixed Assets Account Group in the amount of \$335,563 and an overstatement in the Proprietary Fixed Assets in the amount of \$4,292. The General Fixed Assets Account Group and Proprietary Funds balances at July 1, 1998 have been restated to correct these errors.

General Fixed Assets Account Group	
Balance 6/30/98 (as reported)	\$20,642,243
Addition	335,563
Balance 6/30/98 (restated)	<u>\$20,977,806</u>
Proprietary Fixed Assets	
Balance 6/30/98 (as reported)	\$33,721
Reduction	(4,292)
Balance 6/30/98 (restated)	<u>\$29,429</u>

NOTE 3 - COMPLIANCE AND ACCOUNTABILITY

A. Fund Deficits

The fund deficit at June 30, 1999 of \$490,715 in the General Fund arose from the recognition of expenditures on the modified accrual basis which are greater than expenditures recognized on the budgetary basis.

B. Excess Expenditures over Appropriations

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

<u>Fund</u>	<u>Excess</u>
Auxillary Services	
Community Services	\$225
Textbook Fund	
Instruction	29,229
Title VI B Fund	
Instruction	1,539
Federal Grant Fund	
Instruction	251

The excess expenditures were funded from available fund balance.

NOTE 4- CASH, CASH EQUIVALENTS AND INVESTMENTS

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

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

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

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

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

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

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

The Governmental Accounting Standards Board has established risk categories for deposits and investments as follows:

Deposits:

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

Investments:

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

A. Deposits

At year end the carrying amount of the District's deposits was an overdraft of \$798,273 and the bank balance was \$73. The entire amount of the bank balance was covered by federal depository insurance.

B. Investments

The District's investments at June 30, 1999 are summarized below:

Categorized Investments	Category 2	Fair Value
Repurchase Agreements	\$6,357,768	\$6,357,768

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

C. Reconciliation of Cash, Cash Equivalents and Investments

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

	Cash and Cash Equivalents	Investments
Per Combined Balance Sheet	\$5,559,495	\$0
Repurchase Agreements	(6,357,768)	6,357,768
Per GASB Statement No. 3	<u>(\$798,273)</u>	<u>\$6,357,768</u>

NOTE 5 - TAXES

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

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before March 31 of that calendar year, and at the tax rates determined in the preceding year. Tangible personal property used in business (except for public utilities) is currently assessed for ad valorem taxation purposes at 25 percent of its true value. Amounts paid by multi-county taxpayers are due September 20 of the year assessed. Single county taxpayers may pay annually or semi-annually, the first payment is due April 30; with the remainder payable by September 20.

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

The County Treasurer collects property taxes on behalf of all taxing districts in the County including Austintown Local School District. The County Auditor periodically remits to the District its portion of the taxes collected.

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 5 - TAXES (Continued)

The assessed values for collection in 1999, upon which the 1998 levies were based, were as follows:

	1998 Second Half Collections	1999 First Half Collections
Agricultural/Residential and Other Real Estate	\$369,643,140	\$380,573,060
Public Utility Personal	21,023,540	21,257,170
Tangible Personal Property	56,451,770	55,995,070
Total Assessed Value	<u>\$447,118,450</u>	<u>\$457,825,300</u>
Tax rate per \$1,000 of assessed valuation	\$54.60	\$56.70

NOTE 6 - RECEIVABLES

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

NOTE 7 - FIXED ASSETS

A. General Fixed Assets

Summary by category of changes in general fixed assets at June 30, 1999:

Class	June 30, 1998	Additions	Deletions	June 30, 1999
Land/Improvements	\$261,042	\$0	\$0	\$261,042
Buildings	12,014,999	724,789	0	12,739,788
Furniture and Equipment	6,211,317	509,122	0	6,720,439
Vehicles/Other	2,490,448	115,490	0	2,605,938
Totals	<u>\$20,977,806</u>	<u>\$1,349,401</u>	<u>\$0</u>	<u>\$22,327,207</u>

B. Proprietary Fixed Assets

Summary by Category at June 30, 1999:

Category	Historical Cost	Accumulated Depreciation	Book Value
Machinery and Equipment	\$133,614	(\$107,950)	\$25,664
Total Property, Plant and Equipment	<u>\$133,614</u>	<u>(\$107,950)</u>	<u>\$25,664</u>

NOTE 8 - DEFINED BENEFIT PENSION PLANS

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

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9% respectively. The contribution rates are determined actuarially, and are established and may be amended, up to statutory amounts, by the School Employees Retirement Board (Retirement Board) within the rates allowed by State statute. The required employer contribution rate is allocated to basic retirement benefits and health care by the Retirement Board. At June 30, 1998, (the latest information available) 9.02% was allocated to fund the pension and 4.98% to fund health care. The District's contributions to the SERS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$687,660, \$644,072, and \$537,665, respectively, which were equal to the required contributions for each year.

The Ohio Revised Code gives SERS the discretionary authority to provide postretirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium. The portion of the 1998 employer contribution rate (identified above) that was used to fund health care for the year 1998 was 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between minimum pay and the member's pay, prorated for partial service credit. For fiscal year 1999, the minimum pay has been established as \$12,400 and the surcharge amounted to \$89,643.

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

NOTE 8 - DEFINED BENEFIT PENSION PLANS (Continued)

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

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

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

The Ohio Revised Code provides statutory authority for District and employee contributions of 14% and 9.3%, respectively. The contribution requirements of plan members and the District are established and may be amended by the State Teachers Retirement Board, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's contributions to the STRS of Ohio for the years ending June 30, 1999, 1998, and 1997 were \$2,229,156, \$1,979,449, and \$1,898,040, respectively, which were equal to the required contributions for each year.

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

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

NOTE 9 - EMPLOYEE BENEFITS

A. Compensated Absences

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

	<u>Sick Leave</u>	<u>Vacation</u>	<u>Total</u>
Liability	\$2,285,242	\$136,047	\$2,421,289

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

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 9 – EMPLOYEE BENEFITS (Continued)

B. Early Retirement Incentive

During fiscal years 1998 and 1999 the School District offered an early retirement incentive to its certified personnel. The incentive offered was a two year buy-out and the benefit is being paid over 1999 and 2000.

The School District Board of Education approved an Early Retirement Incentive program on June 14, 1999. Participation was open to eligible employees who were at least fifty years old, qualified for retirement with the years purchased by the Board, and agreed to retire within ninety days after notification that credit has been purchased. The board did not limit the number of employees participating in the plan in any one year. The Board had the option of paying the liability in its entirety or in installments. Early retirement incentive payments have been classified as program/function expenditures on both the budgetary and GAAP basis.

As an additional provision of the program, STRS members who elected to have the Board of Education purchase three years of retirement credit receive one hundred percent of their unused compensated absences payments on the one year anniversary of their retirement.

NOTE 10 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS

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

		Balance June 30, 1998	Issued (Retired)	Balance June 30, 1999
General Long-Term Debt:				
(Long-Term Loans)				
1992 Energy Conservation Loan	4.85%	\$891,300	(\$222,825)	\$668,475
1992 Asbestos Loan	0.00%	339,164	(25,123)	314,041
Total General Long-Term Debt		1,230,464	(247,948)	982,516
Other General Long-Term Obligations:				
Capital Lease		8,293	(8,293)	0
Compensated Absences		2,852,628	(431,339)	2,421,289
Intergovernmental Payable		234,796	(55,424)	179,372
Early Retirement Incentive		493,503	1,013,444	1,506,947
Total Other General Long-Term Obligations		3,589,220	518,388	4,107,608
Total General Long-Term Debt and Other General Long-Term Obligations		<u>\$4,819,684</u>	<u>\$270,440</u>	<u>\$5,090,124</u>

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 10 - GENERAL LONG-TERM DEBT AND OTHER GENERAL LONG-TERM OBLIGATIONS (Continued)

A. Principal and Interest Requirements

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

Years	General Obligation Loans	
	Principal	Interest
2000	\$247,948	\$29,801
2001	247,948	18,920
2002	247,948	8,113
2003	25,123	0
2004	25,123	0
2005-2009	188,426	0
Totals	\$982,516	\$56,834

NOTE 11 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

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

	Food Services	Uniform School Supply	Adult Education	Special Enterprise	Total
Operating Revenues	\$751,999	\$6,100	\$12,139	\$22,716	\$792,954
Depreciation Expense	3,765	0	0	0	3,765
Operating Gain (Loss)	(548,001)	8	379	(12,390)	(560,004)
Net Income (Loss)	(76,515)	8	379	46,569	(29,559)
Operating Grants	465,756	0	0	0	465,756
Total Assets	273,618	156	1,442	71,748	346,964
Net Working Capital	25,563	156	801	71,148	97,668
Total Equity	(4,575)	156	801	71,148	67,530

AUSTINTOWN LOCAL SCHOOL DISTRICT, OHIO
NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS, JUNE 30, 1999

NOTE 12 – STATUTORY RESERVES

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

	Textbook Reserve	Capital Acquisition Reserve	Budget Stabilization Reserve	Total
Set-aside Cash Balance as of June 30, 1998	\$0	\$0	\$174,162	\$174,162
Current Year Set-Aside Requirement	497,567	497,567	248,783	1,243,917
Current Year Offset Credits	0	0	(218,938)	(218,938)
Qualifying Disbursements	(497,567)	(497,567)	0	(995,134)
Total	\$0	\$0	\$204,007	\$204,007
Cash Balance Carried Forward to FY 2000	\$0	\$0	\$204,007	\$204,007
Amount Restricted for Budget Stabilization				\$204,007
Total Restricted Assets				\$204,007

NOTE 13 - RISK MANAGEMENT

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees and natural disasters. During fiscal year 1999, the School District contracted with Love Insurance Agency for property, inland marine, musical instruments, EDP equipment, boiler and machinery, and commercial crime insurance with a \$1,000 deductible.

Professional liability is protected by Nationwide Insurance with a \$2,000,000 single occurrence, \$5,000,000 aggregated and no deductible. Vehicles are also covered by Nationwide Insurance and have a \$1,000 deductible for comprehensive and collision. Automobile liability has a \$1,000,000 combined single limit if liability.

Settled claims have never exceeded this commercial coverage and there has not been a significant reduction in coverage from the prior year.

A. Mahoning County Employee Insurance Consortium

The District has joined together with other school districts in Mahoning county to form the Mahoning County Employee Insurance Consortium, a public entity shared risk pool, currently operating as a common risk management and insurance program for 14 member school districts. The plan was organized to provide life insurance, health care and other benefits to its member organizations.

Rates are calculated and set through an annual update process. The District pays a monthly contribution which is placed in a common fund from which claims and payments are made for all participating districts and claims are paid for all participants regardless of claims flow. Any claim exceeding \$135,000 is covered by the District's stop-loss carrier.

NOTE 13 - RISK MANAGEMENT (Continued)

A. Mahoning County Employee Insurance Consortium (Continued)

The District pays the insurance premiums for certified and classified employees. The District pays the equivalent of a single person insurance premium for the employees, employees who desire family coverage are required to pay the difference in premium between single coverage and family coverage.

The dental and prescription drug coverage is administered by Professional Risk Management, a third party administrator. National Life Insurance Company provides the life insurance coverage.

B. Stark County Schools Council Workers' Compensation Group Rating Plan

The School District participated in the Stark County School Council Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The intent of the GRP is to achieve the benefit of a reduced premium for the School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium to the State based on the rate for the GRP rather than its individual rate. Total savings percentage of the GRP. A participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to share equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selective criteria. The firm of Comp Management, Inc. provides administrative, cost control and actuarial services to the GRP.

NOTE 14 - JOINTLY GOVERNED ORGANIZATION

A. Area Cooperative Computerized Educational Service System

Area Cooperative Computerized Educational Service System (ACCESS), a not-for-profit computer service, is jointly governed by 24 districts within Mahoning and Columbiana counties. ACCESS is governed by an assembly consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the assembly. Members of ACCESS are assessed annual user fees and periodic capital improvement fees based on their average daily membership. During fiscal year 1999, the District paid \$75,300 to ACCESS for computer services. The members do have an ongoing financial interest in ACCESS, however, they do not have an equity interest.

B. Mahoning County Joint Vocational School

The Mahoning County Joint Vocational School is a district political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the participating school districts' elected board, which possesses its own budgeting and taxing authority. Each School District's control is limited to its representation on the board. During fiscal year 1999 no monies were received from the School District. To obtain financial information write to the Treasurer at the Mahoning County Joint Vocational School, 7300 North Palmyra Road, Canfield, Ohio, 44406.

NOTE 15 - CONTINGENCIES

A. Grants

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

B. Litigation

The Austintown Local School District is a party to legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending projects. The School District management is of the opinion that ultimate disposition of these claims and legal proceedings will not have a material effect, if any, on the financial condition of the School District.

C. State School Funding

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$11,708,800 of school foundation support for its general fund. Since the Supreme Court ruling, numerous pieces of legislation have been passed by the Ohio General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws, and in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional. As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future State funding under this program and on its financial operations.

This Page Intentionally Left Blank

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

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<u>U.S. DEPARTMENT OF AGRICULTURE/</u>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution	-	10.550		\$81,309		\$78,760
School Breakfast Program	05-PU 98 05-PU 99	10.553	\$4,298 26,841		\$4,298 26,641	
National School Lunch Program	03-PU 98 03-PU 99 04-PU 98 04-PU 99	10.555	9,466 52,298 32,339 194,051		9,466 52,298 32,339 194,051	
Total U.S. Department of Agriculture - Nutrition Cluster			319,093	81,309	319,093	78,760
<u>NATIONAL SCIENCE FOUNDATION/</u>						
<i>Direct Program:</i>						
Education and Human Resources	ESI - 9811786	47.076	-		5,461	
Total National Science Foundation			-		5,461	
<u>U.S. DEPARTMENT OF EDUCATION/</u>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education - State Grant Program	AB-S1 98 AB-S1 99	84.002	- 18,972		3,803 18,972	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1 98 C1-S1 99	84.010	124,472 430,945		157,078 376,754	
Special Education - Grants to States (IDEA Part B)	6B-SF 98 6B-SF 99	84.027	- 220,988		25,132 205,734	
Safe and Drug-Free Schools and Communities - State Grants	DR-S1 98 DR-S1 99	84.186	11,405 64,532		23,494 48,885	
Goals 2000 - State & Local Education Systemic Improvement	G2-S2 99	84.276	15,000		7,878	
Innovative Educational Program Strategies	C2-S1 98 C2-S1 99	84.298	21,210		2,021 20,334	
Total Department of Education			907,524		890,085	
Totals			\$1,226,617	\$81,309	\$1,214,639	\$78,760

The accompanying notes to this schedule are an integral part of this schedule.

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

NOTE A--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 on the cash basis of accounting.

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 1999, the District had no significant food commodities in inventory.



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

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

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

Board of Education
Austintown Local School District
Mahoning County
225 Idaho Road
Austintown, Ohio 44515

To the Board of Education:

We have audited the general-purpose financial statements of Austintown Local School District, Mahoning County, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated February 2, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance


As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 1999-11150-001. We also noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated February 2, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to the management of the District in a separate letter dated February 2, 2000.

Board of Education
Austintown Local School District
Mahoning County
Report of Independent Accountants on Compliance and on
Internal Control Required by *Government Auditing Standards*
Page 2

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



Jim Petro
Auditor of State

February 2, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Voinovich Government Center
242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949
www.auditor.state.oh.us

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

Board of Education
Austintown Local School District
Mahoning County
225 Idaho Road
Austintown, Ohio 44515

To the Board of Education:

Compliance

We have audited the compliance of Austintown Local School District, Mahoning County, (the District), with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about 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.

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. We noted a certain instance of noncompliance that does not require inclusion in this report, that we have reported to the management of the District in a separate letter dated February 2, 2000.

Internal Control Over Compliance

The management of the 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.

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

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



Jim Petro
Auditor of State

February 2, 2000

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999

1. SUMMARY OF AUDITOR'S RESULTS

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

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 1999
(Continued)

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

Finding Number	1999-11150-001
-----------------------	----------------

Noncompliance Citation

Ohio Rev. Code Section 5705.41 (B) prohibits a subdivision from making an expenditure unless it has been properly appropriated.

The District was in violation of this provision in their Textbook Fund by \$29,229, as disbursements and encumbrances totaling \$136,602, exceeded appropriations and prior year carryover encumbrances totaling \$107,373.

We recommend that management monitor their budgetary cycle to ensure that expenditures do not exceed the amounts appropriated for the current year plus prior year carryover encumbrances, and to ensure that these amounts do not exceed the amounts on the certificate of estimated resources and any amendments thereto and actual revenue received.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

George V. Voinovich Government Center
242 Federal Plaza West, Suite 302
Youngstown, Ohio 44503

Telephone 216-797-9900
800-443-9271

Facsimile 216-797-9949

AUSTINTOWN LOCAL SCHOOL DISTRICT - MAHONING COUNTY

CLERK'S CERTIFICATION

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

By: Susan Babbitt
Clerk of the Bureau

Date: MAR 09 2000