

**JEFFERSON AREA LOCAL SCHOOL DISTRICT
ASHTABULA COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

<u>TITLE</u>	<u>PAGE</u>
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 and Similar Fiduciary Fund Types	4
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual (Non-GAAP Budgetary Basis) - All Governmental Fund Types	5
Combined Statement of Revenues, Expenses, and Changes In Retained Earnings/Fund Balances - All Proprietary and Similar Fiduciary Fund Types	8
Combined Statement of Cash Flows - All Proprietary and Similar Fiduciary Fund Types	9
Notes to the General-Purpose Financial Statements	10
Schedule of Federal Awards Expenditures	37
Notes to the Schedule of Federal Awards Expenditures	38
Report of Independent Accountants on Compliance and on Internal Control Required by <i>Government Auditing Standards</i>	39
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	41
Schedule of Findings	43
Data Collection Form	45



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503

Telephone 330-797-9900
800-443-9271

Facsimile 330-797-9949

REPORT OF INDEPENDENT ACCOUNTANTS

Jefferson Area Local School District
Ashtabula County
45 East Satin Street
Jefferson, Ohio 44047

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Jefferson Area Local School District, Ashtabula 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 Jefferson Area Local School District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund types and similar fiduciary funds 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 9, 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 9, 2000

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 1999**

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund			Account Groups			Totals 1999 (Memorandu (Only)
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	Fixed Assets	General	General	Long Term		
ASSETS AND OTHER DEBITS:													
Equity in Pooled Cash and Cash Equivalents	\$1,384,542	\$80,234	\$15,131	\$345,858	\$7,115	\$2,922	\$42,762						\$1,878,564
Restricted Assets	136,580												136,580
Taxes Receivable	2,763,045			556,967									3,320,012
Interfund Receivables	29,799												29,799
Intergovernmental Receivables	4,650	966			28,041								33,657
Accounts Receivable	31,667	332			316	400							32,715
Supplies Inventory	3,758				4,229								7,987
Inventory for Resale					19,490								19,490
Property, Plant & Equipment					162,176			\$11,417,777					11,579,953
Accumulated Depreciation, where applicable					(123,585)								(123,585)
Amount Available in Debt Service Fund											15,131		15,131
Amount to be Provided for Retirement of General Long Term Debt													
Total Assets and Other Debits	\$4,354,041	\$81,532	\$15,131	\$902,825	\$97,782	\$3,322	\$42,762	\$11,417,777	\$2,748,394	\$2,733,263	\$19,663,566	\$19,663,566	

(Continued)

Combined Balance Sheet
All Fund Types and Account Groups
June 30, 1999
(Continued)

	Governmental Fund Types				Proprietary Fund Types			Fiduciary			Totals 1999 (Memorandum Only)
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Fund Trust and Agency	General Fixed Assets	General Long Term		
LIABILITIES, EQUITY, AND OTHER CREDITS											
Liabilities:											
Interfund Payable		\$9,266			\$20,533						\$29,799
Intergovernmental Payable	\$171,838	4,838			3,213	\$1,323		\$110,726			291,938
Accounts Payable	60,230	5,927		\$36,749	2,484	1,282					109,321
Accrued Salaries and Benefits	948,950	28,322			14,606						991,878
Deferred Revenue	1,563,837			329,342	14,500						1,907,679
Due to Others						35,006					35,006
General Obligation Notes Payable								660,852			660,852
Leases Payable								895,000			895,000
Compensated Absences Payable					11,245			1,081,816			1,106,557
Total Liabilities	2,758,351	48,353		366,091	66,581	2,649	37,611	2,748,394			6,028,030
Equity and Other Credits:											
Investment in General Fixed Assets									\$11,417,777		11,417,777
Contributed Capital					7,100						7,100
Retained Earnings					24,101	(197)	2,151				26,055
Retained Earnings-Reserved							3,000				3,870
Fund Balances:											
Reserved for HB 412	136,580										136,580
Reserved for Inventory	3,758										3,758
Reserved for Encumbrances	191,616	987		6,587							199,190
Reserved for Debt Service			15,131								15,131
Reserved for Future Appropriation	1,199,208			227,625							1,426,833
Unreserved Fund Balance	64,528	32,192		302,522							399,242
Total Equity and Other Credits	1,595,690	33,179	15,131	536,734	31,201	673	5,151	11,417,777	0		13,635,536
Total Liabilities, Equity, and Other Credits	\$4,354,041	\$81,532	\$15,131	\$902,825	\$97,782	\$3,322	\$42,762	\$11,417,777	\$2,748,394		\$19,663,566

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Governmental Fund Types				Fiduciary Fund Types	Totals (Memorandum) (Only)
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	
REVENUES:						
Taxes	\$3,108,625			\$618,568		\$3,727,193
Tuition	45,890					45,890
Earnings on Investments	109,641			6,652		116,293
Extracurricular Activities		\$103,374				103,374
Classroom Materials and Fees	11,450					11,450
Miscellaneous	14,003					14,003
Revenue from Intermediate Sources						
Unrestricted Grants-in-Aid		966				966
Revenue from State Sources						
Unrestricted Grants-in-Aid	7,218,515	14,953		62,668		7,296,136
Restricted Grants-in-Aid	51,668	60,447		227,204		339,319
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	4,650	214,380				219,030
Restricted Grants-in-Aid		28,405				28,405
Total Revenue	<u>10,564,442</u>	<u>422,525</u>	<u>0</u>	<u>915,092</u>	<u>0</u>	<u>11,902,059</u>
EXPENDITURES:						
Regular Instruction	5,351,415	37,819		296,916		5,686,150
Special Instruction	620,950	210,352		471		831,773
Vocational Instruction	257,753					257,753
Other Instruction	179,162					179,162
Support Services-Pupils	498,074	44,878		447	\$75	543,474
Support Services-Instructional Staff	78,857	3,333				82,190
Support Services-Board of Education	36,092					36,092
Support Services-Administration	1,179,635	6,952				1,186,587
Support Services-Fiscal Services	366,851	6,619		12,037		385,507
Support Services-Business	7,423					7,423
Support Services-Operation & Maint-	1,047,327			692,116		1,739,443
Support Services-Pupil Transportation	619,748					619,748
Food Service Operations	56,715					56,715
Community Services		43,729				43,729
Academic & Subject Oriented Activities	11,498	1,586				13,084
Sports Oriented Activities	235,892	64,768				300,660
Co-Curricular Activities		1,450				1,450
Site Improvement	4,544					4,544
Building Improvement	14,491			188,947		203,438
Repayment of Debt			\$83,817			83,817
Total Expenditures	<u>10,566,427</u>	<u>421,486</u>	<u>83,817</u>	<u>1,190,934</u>	<u>75</u>	<u>12,262,739</u>
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	<u>(1,985)</u>	<u>1,039</u>	<u>(83,817)</u>	<u>(275,842)</u>	<u>(75)</u>	<u>(360,605)</u>
Other Financing Sources and Uses:						
Other Financing Sources						
Transfers-In	149,000		83,817	1,597		234,414
Transfers-Out	(234,414)					(234,414)
Advances-In	29,800					29,800
Refund of Prior Year Expense	1,905					1,905
Total Other Financing Sources and Uses:	<u>(53,709)</u>	<u>0</u>	<u>83,817</u>	<u>1,597</u>	<u>0</u>	<u>31,705</u>
Excess of Revenues and Other Sources over/						
under Disbursement and Other Uses	(55,694)	1,039	0	(274,245)	(75)	(328,975)
Increase/Decrease in Inventory	3,759					3,759
Beginning Fund Balance	<u>1,647,625</u>	<u>32,140</u>	<u>15,131</u>	<u>810,979</u>	<u>75</u>	<u>2,505,875</u>
Ending Fund Balance	<u>\$1,595,690</u>	<u>\$33,179</u>	<u>\$15,131</u>	<u>\$536,734</u>	<u>\$0</u>	<u>\$2,180,734</u>

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

Jefferson Area Local School District

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$2,886,000	\$2,886,916	\$916			
Tuition	44,890	44,890	0			
Earnings on Investment	120,000	127,561	7,561			
Extracurricular Activities				\$110,047	\$103,041	(\$7,006)
Classroom Materials and Fees	11,400	11,450	50			
Miscellaneous	13,795	15,440	1,645			
Local Unrestricted Grants-in-Aid				989		(989)
Local Restricted Grants-in-Aid				4,582	4,582	0
State Unrestricted Grants-in-Aid	7,218,442	7,219,815	1,373	14,953	14,953	0
State Restricted Grants-in-Aid	51,600	51,668	68	63,779	63,779	0
Federal Unrestricted Grants-in-Aid				214,380	214,380	0
Federal Restricted Grants-in-Aid				20,490	20,490	0
Total Revenues	10,346,127	10,357,740	11,613	429,220	421,225	(7,995)
Expenditures:						
Regular Instruction	5,419,041	5,288,262	130,779	40,055	37,713	2,342
Special Instruction	726,382	692,419	33,963	246,451	210,626	35,825
Vocational Instruction	258,355	254,766	3,589			
Other Instruction	180,000	179,162	838			
Support Services-Pupils	510,630	491,352	19,278	54,985	44,878	10,107
Support Services-Instructional Staff	86,041	78,809	7,232	3,333	3,333	0
Support Services-Board of Education	45,806	39,639	6,167			
Support Services-Administration	1,185,405	1,155,237	30,168	6,952	6,952	0
Fiscal Services	404,660	357,779	46,881	6,627	6,619	8
Support Services-Business	7,635	7,423	212			
Operational & Maintenance-Plant	1,166,387	1,062,656	103,731			
Support Services-Transportation	841,737	774,310	67,427			
Food Service Operations	60,371	54,076	6,295			
Community Services				52,576	44,270	8,306
Academic & Subject Oriented	12,652	11,476	1,176	1,850	1,664	186
Sports Oriented	275,259	235,862	39,397	66,140	66,140	0
Co-Curricular activities				1,462	1,450	12
Site Improvement	5,000	4,544	456			
Building Improvement	83,872	73,468	10,404			
Repayment of Debt	0	0	0			
Total Expenditures	11,269,233	10,761,240	507,993	480,431	423,645	56,786
Excess of Revenue Over (Under) Expenditures	(923,106)	(403,500)	519,606	(51,211)	(2,420)	48,791
Other Financing Sources (Uses)						
Transfers-In	149,000	149,000	0			
Advances-In					9,267	9,267
Refund of Prior Year Expenditures	13,038	13,154	116			
Transfers-Out	(150,597)	(150,597)	0			
Advances-Out	(30,000)	(29,800)	200			
Total Other Sources (Uses)	(18,559)	(18,243)	316	0	9,267	9,267
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(941,665)	(421,743)	519,922	(51,211)	6,847	58,058
Beginning Fund Balance	1,601,272	1,601,272	0	66,108	66,108	0
Prior Year Carry Over Encumbrances	139,931	139,931	0	460	460	0
Ending Fund Balance	\$799,538	\$1,319,460	\$519,922	\$15,357	\$73,415	\$58,058

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Debt Service Funds			Capital Projects		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes				\$594,323	\$594,394	\$71
Tuition						
Earnings on Investment				6,646	6,652	6
Extracurricular Activities						
Classroom Materials and Fees						
Miscellaneous						
Local Unrestricted Grants-in-Aid						
Local Restricted Grants-in-Aid						
State Unrestricted Grants-in-Aid				62,668	62,668	0
State Restricted Grants-in-Aid				215,264	227,204	11,940
Federal Unrestricted Grants-in-Aid						
Federal Restricted Grants-in-Aid						
Total Revenues	0	0	0	878,901	890,918	12,017
Expenditures:						
Regular Instruction				380,035	300,066	79,969
Special Instruction				11,185	471	10,714
Vocational Instruction						
Other Instruction						
Support Services-Pupils				957	957	0
Support Services-Instructional Staff						
Support Services-Board of Education						
Support Services-Administration						
Fiscal Services				12,061	12,037	24
Support Services-Business						
Operational & Maintenance-Plant				719,349	696,697	22,652
Support Services-Transportation						
Community Services						
Academic & Subject Oriented						
Sports Oriented						
Co-Curricular activities						
Site Improvement						
Building Improvement				561,093	558,352	2,741
Repayment of Debt	\$83,817	\$83,817	\$0			
Total Expenditures	83,817	83,817	0	1,684,680	1,568,580	116,100
Excess of Revenue Over (Under) Expenditures	(83,817)	(83,817)	0	(805,779)	(677,662)	128,117
Other Financing Sources (Uses)						
Transfers-In	83,817	83,817	0		1,597	1,597
Advances-In						
Refund of Prior Year Expenditures						
Transfers-Out						
Advances-Out						
Total Other Sources (Uses)	83,817	83,817	0	0	1,597	1,597
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(805,779)	(676,065)	129,714
Beginning Fund Balance	15,131	15,131	0	472,639	472,639	0
Prior Year Carry Over Encumbrances				506,227	506,227	0
Ending Fund Balance	\$15,131	\$15,131	\$0	\$173,087	\$302,801	\$129,714

(Continued)

**COMBINED STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes				\$3,480,323	\$3,481,310	\$987
Tuition				44,890	44,890	0
Earnings on Investment				126,646	134,213	7,567
Extracurricular Activities				110,047	103,041	(7,006)
Classroom Materials and Fees				11,400	11,450	50
Miscellaneous				13,795	15,440	1,645
Local Unrestricted Grants-in-Aid				989		(989)
Local Restricted Grants-in-Aid				4,582	4,582	0
State Unrestricted Grants-in-Aid				7,296,063	7,297,436	1,373
State Restricted Grants-in-Aid				330,643	342,651	12,008
Federal Unrestricted Grants-in-Aid				214,380	214,380	0
Federal Restricted Grants-in-Aid				20,490	20,490	0
Total Revenue	0	0	0	11,654,248	11,669,883	15,635
Expenditures:						
Regular Instruction				5,839,131	5,626,041	213,090
Special Instruction				984,018	903,516	80,502
Vocational Instruction				258,355	254,766	3,589
Other Instruction				180,000	179,162	838
Support Services-Pupils	\$73	\$73	\$0	566,645	537,260	29,385
Support Services-Instructional Staff				89,374	82,142	7,232
Support Services-Board of Education				45,806	39,639	6,167
Support Services-Administration				1,192,357	1,162,189	30,168
Fiscal Services				423,348	376,435	46,913
Support Services-Business				7,635	7,423	212
Operational & Maintenance-Plant				1,885,736	1,759,353	126,383
Support Services-Transportation				841,737	774,310	67,427
Food Service Operations				60,371	54,076	6,295
Community Services				52,576	44,270	8,306
Academic & Subject Oriented				14,502	13,140	1,362
Sports Oriented				341,399	302,002	39,397
Co-Curricular activities				1,462	1,450	12
Site Improvement				5,000	4,544	456
Building Improvement				644,965	631,820	13,145
Repayment of Debt				83,817	83,817	0
Total Expenditures	73	73	0	13,518,294	12,837,355	680,939
Excess of Revenue Over (Under) Expenditures	(73)	(73)	0	(1,863,986)	(1,167,472)	696,514
Other Financing Sources (Uses):						
Transfers-In				232,817	234,414	1,597
Advances-In					9,267	9,267
Refund of Prior Year Expenditures				13,038	13,154	116
Transfers-Out				(150,597)	(150,597)	0
Advances-Out				(30,000)	(29,800)	200
Total Other Sources (Uses)	0	0	0	65,258	76,438	11,180
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(73)	(73)	0	(1,798,728)	(1,091,034)	707,694
Beginning Fund Balance	73	73	0	2,155,223	2,155,223	0
Prior Year Carry Over Encumbrances				646,618	646,618	0
Ending Fund Balance	\$0	\$0	\$0	\$1,003,113	\$1,710,807	\$707,694

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

**COMBINED STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN RETAINED EARNINGS/FUND BALANCE
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
Operating Revenues:				
Food Service	\$330,629			\$330,629
Classroom Materials & Fees	30,460			30,460
Miscellaneous		<u>\$3,957</u>		<u>3,957</u>
Total Operating Revenues	<u>361,089</u>	<u>3,957</u>		<u>365,046</u>
Operating Expenses:				
Personal Services - Salary	199,576			199,576
Employee Benefits	115,275			115,275
Purchased Services	15,632			15,632
Supplies and Materials	244,147	9,015		253,162
Other Objects			\$305	305
Depreciation	<u>4,643</u>			<u>4,643</u>
Total Operating Expenses	<u>579,273</u>	<u>9,015</u>	<u>305</u>	<u>588,593</u>
Operating Income (Loss)	<u>(218,184)</u>	<u>(5,058)</u>	<u>(305)</u>	<u>(223,547)</u>
Non-Operating Revenues:				
Earnings On Investments			171	171
Miscellaneous			2,000	2,000
State Unrestricted Grants-In-Aid	11,242			11,242
Federal Unrestricted Grants-in-Aid	160,361			160,361
Federal Restricted Grants-In-Aid	<u>31,390</u>			<u>31,390</u>
Total Non-Operating Revenues	<u>202,993</u>		<u>2,171</u>	<u>205,164</u>
Net Income	(15,191)	(5,058)	1,866	(18,383)
Beginning Retained Earnings/ Fund Balance	<u>39,292</u>	<u>5,731</u>	<u>3,285</u>	<u>48,308</u>
Ending Retained Earnings/Fund	<u>\$24,101</u>	<u>\$673</u>	<u>\$5,151</u>	<u>\$29,925</u>

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

**COMBINED STATEMENT OF CASH FLOWS
ALL PROPRIETARY AND SIMILAR FIDUCIARY FUND TYPES
FOR THE YEAR ENDED JUNE 30, 1999**

	Proprietary Fund Types		Fiduciary Fund Type	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non- Expendable Trust Fund	
Cash Flows from Operating Activities				
Operating Gain (Loss)	(\$218,184)	(\$5,058)	(\$305)	(\$223,547)
Adjustment to Reconcile Operating Gain (Loss)				
To Net Cash used in Operating Activities:				
Depreciation	4,643			4,643
Federal Donated Commodities	31,390			31,390
Net (Increase) Decrease in Assets:				
Accounts Receivable	(237)	(400)		(637)
Inventory	(1,186)			(1,186)
Net Increases (Decreases) in Liabilities:				
Intergovernmental Payable	572			572
Deferred Revenue	(723)			(723)
Accounts Payable	2,484	2,649		5,133
Accrued Wages and Benefits	6,592			6,592
Compensated Absences	(1,090)			(1,090)
Total Adjustments	42,445	2,249	0	44,694
Net Cash Used in Operating Activities	(175,739)	(2,809)	(305)	(178,853)
Cash Flows from Noncapital Activities:				
Earnings on Investments			171	171
Operating Grants from State Sources	9,108			9,108
Operating Grants from Federal Sources	134,453			134,453
Advance-In	20,533			20,533
Donations			2,000	2,000
Net Cash Provided by Noncapital Financing Sources	164,094	0	2,171	166,265
Cash Flows from Capital Activities:				
Acquisition of Capital Assets	(2,329)			(2,329)
Net Cash Provided by Capital Financing Uses	(2,329)	0	0	(2,329)
Net Increase in Cash & Cash Equivalents	(13,974)	(2,809)	1,866	(14,917)
Cash and Cash Equivalents at Beginning of Year	21,089	5,731	3,285	30,105
Cash and Cash Equivalents at End of Year	\$7,115	\$2,922	\$5,151	\$15,188

The Notes to the financial statements are an integral part of this statements.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999

1. DESCRIPTION

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 a local District as defined by Section 3311.0 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the District.

Average daily membership (ADM) as of October 1, 1998, was 2,356. The District employed 134 certified employees and 97 non-certificated employees. The District is supervised by the Ashtabula County Educational Service Center, a separate entity.

The District provides regular, vocational and special instruction. The District also provides support services for the pupils, instructional staff, general and school administration, business and fiscal services, facilities acquisitions and construction services, operation and maintenance of plant, student transportation, food services, extracurricular activities and non-programmed services.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general-purpose financial statements (GPFS) of the Jefferson Area Local School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

The accompanying general-purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the school by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

Section 2100 indicates that the reporting entity consists of (a) the primary government, (b) organizations for which the primary government is financially accountable, and (c) other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The definition of the reporting entity is based primarily on the notion of financial accountability. A primary government is financially accountable for the organizations that make up its legal entity.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

It is also financially accountable for legally separate organizations if its officials appoint a voting majority of an organization's governing body and either it is able to impose its will on that organization or there is a potential for the organization to provide specific financial benefits to, or to impose specific financial burdens on the primary government. A primary government may also be financially accountable for governmental organizations that are fiscally dependent on it.

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization.

A financial benefit or burden relationship exists if the primary government (a) is entitled to the organization's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization. Based upon the application of these criteria, there are no potential component units that should be blended or discretely presented in the financial statements of the District.

Management believes the financial statements included in this report represent all of the funds of the District over which the District is financially accountable.

B. Fund Accounting

The 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 government functions or activities.

A fund is a separate accounting entity with a self-balancing set of accounts. An account group, on the other hand, is a financial reporting device designed to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not directly affect net expendable available financial resources.

Funds are classified into three categories: governmental, proprietary and fiduciary. Each category, in turn, is divided into separate "fund types."

Governmental Fund Types:

Governmental funds are those through which most governmental functions typically are financed. Governmental Fund Types are accounted for on a flow of current financial resources measurement focus. Only current assets and current liabilities are generally included on their balance sheets. Their operating statements present sources (revenues and other financing sources) and uses (expenditures and other financing uses) of "available spendable resources" during the period.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

General Fund

This fund 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 District for any purpose provided it is expended or transferred according to the bylaws of the District and the laws of the State of Ohio.

Special Revenue Funds

These funds are used to account for the proceeds of specific revenue sources (other than amounts relating to expendable trusts or for major capital projects) that are legally restricted to expenditures for specific purposes.

Debt Service Fund

This fund is used to account for the accumulation of resources for, and the payment of, general long-term debt principal 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 assets or facilities (other than those financed by proprietary and trust funds).

Proprietary Fund Types:

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

Enterprise Funds

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

Internal Service Funds

These funds account for the financing of services provided by one department or agency to other departments or agencies of the District on a cost reimbursement basis.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fiduciary Fund Types:

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments, or other funds. The following are the fiduciary fund types:

Expendable Trust Funds

These funds account for resources, including both principal and earnings, which must be expended according to the provision of a trust agreement. Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Funds

These funds account for trust principal which may not be expended. Only interest earned on the principal may be used for trust operations. Nonexpendable trust funds are accounted for in essentially the same manner as proprietary funds.

Agency Funds

These funds are purely custodial and thus do not involve measurement of results of operations

Account Groups:

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds because they do not affect expendable available financial resources. The following are the account groups:

General Fixed Assets Account Group

This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

General Long-Term Debt Account Group

This account group is used to account for all of the District's long-term obligations other than those accounted for in the Proprietary Funds.

C. Measurement Focus and Basis of Accounting

The modified accrual basis of accounting is followed for Governmental and Expendable Trust Funds. The measurement focus is upon determination of financial position and changes in financial position (sources, uses and balances of financial resources) rather than upon net income determination. Under the basis of accounting:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a. Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b. Property taxes measurable as of June 30, 1999 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2000 operations, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period 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.

Agency fund assets and liabilities are recognized on the modified accrual basis of accounting.

D. Budget and Budgetary Accounting

All governmental and proprietary fund types are subject to annual expenditures budgets. The Board follows the procedures outlined below in establishing the expenditure budget data reported in the general purpose financial statements:

1. A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2. The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the official certificate of estimated resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.
3. An annual appropriation measure must be passed by the Board of Education by October 1st of each year for the period July 1st to June 30th. Unencumbered appropriations lapse at year-end and the encumbered appropriation balance is carried forward to the succeeding fiscal year and need not be reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in June. The Annual Appropriation Resolution is usually adopted at the September regular board meeting. The appropriation measure may be amended or supplemented during the year as new information becomes available. Appropriations may not exceed estimated resources and expenditures may not exceed appropriations in any fund at the object level.
4. The District prepares its budget on a basis of accounting that differs from generally accepted accounting principles (GAAP). The actual results of operations are presented in the "Combined Statement of Revenues, Expenditures, and Changes in Fund Balances--Budget and Actual--All Governmental Fund Types" (and also a separate "Combined Statement... for All Proprietary Fund Types") in accordance with the budgetary basis of accounting.

The major differences between the budgetary basis of accounting and GAAP are that:

- a. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- b. Expenditures are recorded when encumbered (budget basis) as opposed to when the liability is incurred (GAAP basis);
- c. Encumbrances are recorded as the equivalent of expenditures (budget basis) as opposed to a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund types (GAAP basis); and
- d. For proprietary funds, the acquisition and construction of capital assets are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP).

E. Encumbrances

As part of formal budgetary control, purchase orders, contracts, and other commitments for the expenditure of funds are recorded as the equivalent of expenditures on the budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

F. Cash and Cash Equivalents

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Cash Equivalents." In accordance with GASB No. 3 and No. 9, the District had no investments at June 30, 1999.

Under existing Ohio statutes all interest earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. For the District, interest revenue is credited to the General Fund, Capital Project Funds, Expendable and Non-Expendable Trust Funds. Interest revenue credited to the General Fund during the fiscal year amounted to \$109,641; total interest income earned in fiscal year 1999 totaled \$116,464.

G. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 1999. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 1999 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

H. Inventories

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. Inventories are determined by physical count. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

I. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recognized under the nonallocation method. The nonallocation method of prepayments and deferrals is consistent with the basic governmental concept that only expendable financial resources are reported by a specific governmental fund. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

J. Fixed Assets

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction are reflected as expenditures in governmental funds, and the related assets are reported in the general fixed assets account group. Fixed assets utilized in the proprietary funds are capitalized in the respective fund. All purchased fixed assets are valued at cost where historical records are available and at an estimated historical cost where no historical records exist. Donated fixed assets are valued at their estimated fair market value on the date received.

The costs of normal maintenance and repairs, that do not add to the value of the asset or materially extend asset lives, are not capitalized. Improvements are capitalized and depreciated over the remaining useful lives of the related fixed assets, as applicable.

Assets in the general fixed assets account group are not depreciated. Depreciation of equipment and vehicles in the proprietary fund types is computed using the straight-line method over an estimated useful life of the assets.

K. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

The District currently participates in several State and Federal programs, categorized as follows:

Entitlements:

General Fund

State Foundation Program
School Bus Funding
State Equity Funding

Capital Projects Funds

School Net Plus Funding
Power UP
Emergency Repair Program

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Special Revenue Funds

Educational Management Information Systems

Non-Reimbursable Grants:

Special Revenue Funds

Title I
Title VI
Title VI-b
Drug Free Grant
Career Education Grant
ADD 2000 Grant
Continuous Improvement Grant

Reimbursable Grants:

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
Government Donated Commodities

Grants and entitlements amounted to approximately 65% of the District's operating revenue during the 1999 fiscal year.

L. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables. At June 30, 1999, the District had no "Due to Other Funds" and \$29,799 in "Interfund Receivables/Payables."

M. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 1999 the District had no long-term interfund loans.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

N. Compensated Absences

The District accounts for compensated absences in accordance with GASB Statement No. 16. Sick leave and other compensated absences with similar characteristics are accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations are reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future are based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. All employees with ten or more years of service were included in the calculation of the long-term compensated absences accrual amount.

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available 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 debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

O. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 1999, the District had \$7,100 in contributed capital.

P. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be financed from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

of such obligations is reported in the general long-term debt account group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

Q. Interfund Transactions

Quasi-external transactions are accounted for as revenues, 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.

All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) 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 Superintendent of Public Instruction. A fund balance reserve has also been established.

S. Estimates

The preparation of 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.

T. Fund Balance Reserves

Reserved Fund Balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund Balances are reserved for supplies inventory, encumbrances, future appropriations and budget stabilization. The reserve for future appropriation represents the amount of the property taxes available for advance and recognized as revenue. The District is prohibited by law from appropriating the advance, since it was not received, for the current fiscal year. The unreserved portions of fund equity reflected for the Governmental Funds are available for use within the specific purposes of those funds.

U. Memorandum Only - Total Columns

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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

3. BUDGETARY BASIS OF ACCOUNTING

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

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

	General Fund	Special Revenue	Capital Projects
GAAP Basis	(\$55,694)	\$1,039	(\$274,245)
Increase (Decrease):			
Due to Revenues:			
Net Adjustments to Revenue Accruals	(206,702)	(1,299)	(24,174)
Due to Expenditures:			
Net Adjustments to Expenditure Accruals	(194,813)	(2,160)	(377,646)
Due to Other Sources/Uses	35,466	9,267	0
Budget Basis	(\$421,743)	\$6,847	(\$676,065)

4. ACCOUNTABILITY AND COMPLIANCE

Pursuant to Section 117.11(A) of the Revised Code, the Auditor of State performed tests of compliance with various provisions of local, state and/or federal laws, as appropriate.

5. CASH AND INVESTMENTS

State statutes classify monies held by the 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 District Treasury, in commercial accounts payable or withdrawable on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

Interim deposits are deposits of 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 pass book accounts.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. CASH AND INVESTMENTS (Continued)

Protection of school district 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.

Moneys held by the District which are not considered active are classified as interim. 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 must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Securities lending agreements in which the District lends securities and the eligible institution agrees to exchange either securities described in division (1) or (2) or cash or both securities and cash, equal value for equal value; and
8. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

5. CASH AND INVESTMENTS (Continued)

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 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 qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$2,015,145 and the bank balance was \$2,077,659, of which \$205,000 was covered by federal depository insurance. \$1,872,659 uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

The classification of cash and cash equivalents on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

6. PROPERTY TAXES

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Ashtabula County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last revaluation for the District was completed in 1996, an update will be done in 1999. The next revaluation is scheduled for 2002. 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 usually due February 14, with the remainder payable 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 December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25% of its true value.

Amounts paid by multi-county taxpayers may pay annually or semi-annually, the first payment is due April 30, with the remainder payable by September 28.

Public utility real and public utility 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. Real property is assessed at 35% of market value and

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

6. PROPERTY TAXES (Continued)

personal property is assessed at 100% of market value. Public utility property taxes are payable on the same dates as real property taxes described previously.

The Ashtabula County Treasurer collects property tax on behalf of the District. The Ashtabula County Auditor remits to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

Taxes available for advance and recognized as revenue, but not received by the District prior to June 30, are reflected as a reservation of fund balance. The District is prohibited by law from appropriating the property taxes recognized as revenue in accordance with Ohio Revised Code Section 5705.35 since an advance of tax revenue was not received by the end of the fiscal year.

The full tax rate at the fiscal year ended June 30, 1999 for operations was \$43.97 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$18,083,830
Real Property-Residential/Agricultural	103,283,930
Real Property-Public Utilities	76,180
Personal Property-General	14,589,760
Personal Property-Public Utilities	11,817,510
Total Assessed Value	\$147,851,210

7. RECEIVABLES

Receivables at June 30, 1999 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:

Drivers Education Subsidy	\$4,650
Special Revenue Funds:	
Mini Grant	966
Proprietary Funds:	
State Lunchroom Reimbursements	2,133
Federal Lunchroom Reimbursements	25,908
Total Proprietary Funds	28,041
Grand Total	\$33,657

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

8. FIXED ASSETS

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$162,176
Less Accumulated Depreciation	<u>(123,585)</u>
Net Fixed Assets	<u><u>\$38,591</u></u>

In proprietary funds, the following estimated useful lives are used to compute depreciation:

Equipment	8-20 years
Furniture	20 years
Vehicles	10 years

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 1999:

	<u>General Fixed Assets June 30, 1998</u>	<u>Additions</u>	<u>Deletions</u>	<u>General Fixed Assets June 30, 1999</u>
Land and Improvements	\$540,800			\$540,800
Buildings	4,033,798	\$832,502		4,866,300
Furniture and Equipment	2,669,095	468,567	\$11,638	3,126,024
Vehicles	1,134,282	215,738	97,234	1,252,786
Construction in Progress	639,504	1,559,363	567,000	1,631,867
Total General Fixed Assets	<u><u>\$9,017,479</u></u>	<u><u>\$3,076,170</u></u>	<u><u>\$675,872</u></u>	<u><u>\$11,417,777</u></u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

9. DEFINED BENEFIT PENSION PLANS

School Employees Retirement System

The District contributes to the School Employees retirement System of Ohio (SERS), a cost-sharing multiple employer public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute an actuarially determined rate. The current District rate is 14 percent of covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits. For fiscal year 1999, 7.7 percent of annual covered salary was the portion to fund pension obligations. For fiscal year 1998, 9.02 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 District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$243,552, \$198,132 and \$184,800; 44.6 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$151,318 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available financial report that includes financial statements and required supplementary information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were: \$811,704, \$727,896 and \$722,280, respectively; 83.3 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$135,284 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

9. DEFINED BENEFIT PENSION PLANS (Continued)

Social Security

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, 1999, no members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

10. POSTEMPLOYMENT BENEFITS

The District provides comprehensive health care benefits to retired teachers and their dependents through the State Teachers Retirement System (STRS), and to retired classified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State Statute. Both systems are funded on a pay as you go basis.

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund, an increase of 3.5 percent over fiscal year 1998. For the District this amount equaled \$202,296 for fiscal year 1999. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.156 million at June 30, 1998 (the latest information available). For the year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000 and STRS had 91,999 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 6.30 percent of covered payroll, an increase from 4.98 percent for fiscal year 1998. 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 1999, the minimum pay has been established at \$12,400. The surcharge rate 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. For the District, this amount equaled \$116,177 during the 1999 fiscal year.

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. At June 30,

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

10. POSTEMPLOYMENT BENEFITS (Continued)

1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

11. COMPENSATED ABSENCES

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Only administrative and support personnel who are under a full year contract (11 and 12 month) are eligible for vacation time. The Superintendent is granted 20 days vacation per year and the Treasurer is granted 15 days vacation per year.

Classified employees earn ten to twenty days of vacation per year, depending upon length of service. Any vacation time which is unused as of the employee's anniversary date is expired and not available for use in a subsequent year unless approved by the Superintendent.

The Classified personnel accumulate vacation based on the following schedule:

<u>Years Service</u>	<u>Vacation Days</u>
1-3	10
4-7	15
8-beyond	20

Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment.

Each employee earns sick leave at the rate of one and one-fourth days per month. Sick leave shall accumulate during active employment on a continuous year-to-year basis. Maximum sick leave accumulation for certified employees is 295 days; classified employees, 265.

For all employees, retirement severance is paid to each employee retiring from the District at a per diem rate of the annual salary at the time of retirement if the employee has been employed by the District for a minimum of ten consecutive years at the time of retirement. Any employee receiving retirement severance pay shall be entitled to a dollar amount equivalent to one-fourth of all accumulated sick leave credited to that employee up 73.5 days for certified and 65 days for classified.

12. RISK MANAGEMENT

General Risk

The 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. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

12. RISK MANAGEMENT (Continued)

The District maintains fleet insurance in the amount of \$1,000,000 for any one accident or loss.

The District maintains replacement cost insurance on buildings and contents in the amount of \$26,918,400.

Worker's Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The GRP's business and affairs are conducted by a three member Board of Directors consisting of the President, The President-Elect and the Immediate Past President of the Ohio School Boards Association (OSBA). The Executive Director of the OSBA, or his designee, serves as coordinator of the program. Each year, the participating school districts pay an enrollment fee to the GRP to cover the costs of administering the program.

The intent of the GRP is to achieve the benefit of a reduced premium for the 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 rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each 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 contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

Health Insurance

In July, 1987, the District joined the Ashtabula County Schools Council of Governments Employees Insurance Consortium to insure its medical claims. The consortium currently includes 7 member school districts. Contributions are determined by the consortium's board of directors. The program is operated as a full indemnity program with no financial liability (other than monthly premiums) or risk to the District.

13. INTERFUND TRANSACTIONS

At June 30, 1999, the District had short-term interfund loans which are classified as "interfund receivables/payables." An analysis of interfund balances is as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

13. INTERFUND TRANSACTIONS (Continued)

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$29,799	-
Special Revenue Fund		\$9,266
Enterprise Fund		20,533
	\$29,799	\$29,799

14. NOTES AND LONG-TERM DEBT

A summary of changes in long-term obligations for the year ended June 30, 1999, are as follows:

	Balance		Balance
	July 1, 1998	Additions	Deletions
			June 30, 1999
Intergovernmental Payable	\$88,640	\$22,086	\$110,726
Notes Payable	707,128		46,276
Leases Payable		1,025,000	130,000
Compensated Absences Payable	1,003,018	78,798	1,081,816
	\$1,798,786	\$1,125,884	\$176,276
			\$2,748,394

The lease payable reported as of 7/1/98 was in error since the building additions financed by the leased had not yet been completed. Therefore, the 7/1/98 balance has been restated and the obligation recorded as an addition to coincide with the completion of the underlying asset during the year ended 6/30/99.

Additions and deletions of intergovernmental payable and compensated absences are shown net since it is impracticable for the District to determine these amounts separately.

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt limit is \$147,851. The voted debt limit at June 30, 1999 is \$13,306,609.

Asbestos Notes

Under the Asbestos Schools Hazard Abatement Act of 1984, the District received a loan of \$202,876 to assist in an asbestos removal project. The repayment schedule for the loan portion is \$5,638 every six months, with the first payment made in June 1991 and the final amount due December 2,002.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. NOTES AND LONG-TERM DEBT (Continued)

The annual maturities of the general obligation notes as of June 30, 1999, and related interest payments are as follows:

	Payment
FY2000	\$11,276
FY2001	11,276
FY2002	11,276
FY2003 & Thereafter	62,024
	<u>\$95,852</u>

Energy Conservation Notes

The District issued Energy Conservation Notes in the amount of \$600,000 on March 3, 1998. The notes mature in December 2012 and have an average interest rate of 5.125%. The annual maturities of the general obligation bonds as of June 30, 1999, and related interest payments are as follows:

	Principal	Interest	Payment
FY2000	\$30,000	\$28,187	\$58,187
FY2001	30,000	26,650	56,650
FY2002	30,000	25,112	55,112
FY2003 & Thereafter	475,000	145,161	620,161
	<u>\$565,000</u>	<u>\$225,110</u>	<u>\$790,110</u>

Building/Lease Purchase

With the passage of a 3-mill permanent improvement levy in November, 1996, the District implemented a building additions project for the Rock Creek and Jefferson Elementary buildings. To finance the project, the District entered into a building lease/purchase program in April, 1998 with Huntington National Bank, in the amount of \$1,025,000 at an average rate of 5.15%. At the conclusion of the building project, the District will make lease payments to Huntington National Bank, from the 3-mill levy proceeds, over a period of four fiscal years, at which time the property will be wholly owned by the District. This lease obligation meets the criteria of a capital lease as defined by Financial Accounting Standards Board Statement Number 13, "Accounting for Leases," and has been recorded in the general long-term obligations account group. The schedule of principal and related interest payments is as follows:

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

14. NOTES AND LONG-TERM DEBT (Continued)

Building Lease Payment Schedule			
	Principal	Interest	Total Payment
FY2000	\$280,000	\$38,883	\$318,883
FY2001	300,000	23,948	323,948
FY2002	315,000	8,111	323,111
	<u>\$895,000</u>	<u>\$70,941</u>	<u>\$965,941</u>

15. SEGMENTS OF ENTERPRISE ACTIVITIES

Key financial data for the District's Enterprise Funds for the year ended June 30, 1999, are as follows:

	Lunchroom Fund	Uniform School Supply Fund	Total
Operating Revenues	\$330,629	\$30,460	\$361,089
Operating Expenses:			
Depreciation	(4,643)		(4,643)
Other Expenses	(544,764)	(29,867)	(574,631)
Total Operating Expenses	<u>(549,407)</u>	<u>(29,867)</u>	<u>(579,274)</u>
Operating Income (Loss)	(218,778)	593	(218,185)
Non Operating Revenues and Expenses:			0
Operating Grants	202,993	0	202,993
Net Income	<u>(\$15,785)</u>	<u>\$593</u>	<u>(\$15,192)</u>
Net Working Capital	<u>(\$11,728)</u>	<u>\$4,339</u>	<u>(\$7,389)</u>
Total Assets	<u>\$93,414</u>	<u>\$4,368</u>	<u>\$97,782</u>
Total Contributed Capital	<u>\$7,100</u>	<u>\$0</u>	<u>\$7,100</u>
Total Fund Equity	<u>\$26,862</u>	<u>\$4,339</u>	<u>\$31,201</u>

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

16. JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network: (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 1999. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

Ashtabula County Schools Council of Governments: The District's Superintendent is a member of the governing board of the Ashtabula County Schools Council of Governments, a separate entity formed for the purpose of purchasing health insurance. The District has no ongoing financial interest or financial responsibility to the Council of Governments other than via participation by purchasing health insurance.

Ashtabula County Joint Vocational School District: The District is a member of the Ashtabula County Joint Vocational School District. The Ashtabula County Joint Vocational School District has a nine-member board of education and is funded by levying millage and state and federal support.

The District has no ongoing financial interest or financial responsibility to the Ashtabula County Joint Vocational School District.

17. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$6,900,682 of school foundation support for its general fund, and \$6,917,634 in total (all funds) support.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature 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

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

17. SCHOOL FUNDING DECISION/SUBSEQUENT EVENT

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.

18. CONTINGENCIES

A. Grants

The District received 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 District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 1999.

19. OTHER RELATED PARTY TRANSACTIONS

The District is liable for the Rock Creek Sewer Assessment, this liability is taken directly from tax proceeds by the County Auditor. The assessment was issued in 1989 and matures in 2014. The balance at June 30, 1999 was \$20,700.

20. STATUTORY RESERVES

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

The following cash basis information describes the change in the year-end set aside amounts for textbooks, capital acquisition, and budget stabilization. Disclosure of this information is required by State statute. Although the District had offsets and qualifying disbursements during the year that reduced the set-aside amounts to below zero, these extra amounts may not be used to reduce the set-aside requirements of future years. Negative amounts are therefore not presented as being carried forward to the next fiscal year.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

20. STATUTORY RESERVES (Continued)

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Set-Aside Cash Balance, 6/30/98	\$0	\$0	\$58,038	\$58,038
Required Set Aside	158,547	158,547	78,542	395,636
Offset Credits	152,145	538,044	0	690,189
Qualifying Disbursements	174,042	163,844	0	337,886
Total	(\$167,640)	(\$543,341)	\$136,580	(\$574,401)
Cash Balance Carried Forward to FY00	\$0	\$0	\$136,580	\$136,580

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

21. YEAR 2000 ISSUE

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations.

The District has inventoried computer systems and other equipment necessary to conducting district operations and has identified such systems as being financial reporting, payroll and employee benefits, and educational statistics reporting through the State Education Management Information System (EMIS).

The District uses an external service organization for its financial reporting, payroll and employee benefits systems. The service organization uses the Ohio School Fund Accounting System software for its financial reporting and the Ohio School Fund Payroll System software for its payroll and employee benefits. Both systems were developed by Snyder & Associates. The external service organization and Snyder & Associates are responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "foundation" and federal and state grant payments. Further, the State processes a significant amount of financial and non-financial information about the District through EMIS. The State is responsible for remediating these systems.

Tax collection for the District is handled by Ashtabula County. The County is responsible for remediating this system, and is solely responsible for any costs associated with this project.

NOTES TO THE GENERAL-PURPOSE FINANCIAL STATEMENTS
JUNE 30, 1999
(Continued)

22. YEAR 2000 ISSUE (Continued)

To the best of management's and belief, as of February 9, 2000, the District experienced no significant interruption of mission-critical operations or services related to the Year 2000 Issues. However, because of the unprecedented nature of the Year 2000 Issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are as yet, unknown.

23. FUND DEFICITS

The following funds had deficit balances at June 30, 1999:

Athletic Fund	\$	(8,019)
Title I	\$	(3,744)

These deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficit and will take the necessary steps to alleviate the deficit. The general fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

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

FEDERAL GRANTOR <i>Pass-Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
UNITED STATES DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$30,667		\$31,390
National School Breakfast Program	05-PU-98 05-PU-99	10.553	\$2,902 <u>18,735</u>		\$2,902 <u>18,735</u>	
Subtotal - National Breakfast Program			<u>21,637</u>		<u>21,637</u>	
National School Lunch Program	03-PU-98 03-PU-99 04-PU-98 04-PU-99	10.555	2,702 18,108 11,848 <u>80,158</u>		2,702 18,108 11,848 <u>80,158</u>	
Subtotal - National School Lunch Program			<u>112,816</u>		<u>112,816</u>	
Total Department of Agriculture - Nutrition Cluster			<u>134,453</u>	<u>30,667</u>	<u>134,453</u>	<u>31,390</u>
UNITED STATES DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-98 C1-S1-99	84.010	<u>214,380</u>		28,048 <u>184,655</u>	
Subtotal - Grants to Local Educational Agencies			214,380		212,703	
Drug Free Schools	DR-SP-99	84.186	4,582		2,015	
Goals 2000	G2-S1-97 G2-S1-99	84.276	<u>5,000</u>		4,150	
Subtotal - Goals 2000			5,000		4,150	
Innovative Educational Program Strategies	C2-S1-98 C2-S1-99	84.298	<u>8,538</u>		1,715 <u>279</u>	
Subtotal - Innovative Educational Program Strategies			8,538		1,994	
<i>Passed Through Ashtabula County Joint Vocational School:</i>						
Career Development		84.048	3,393		3,479	
Direct Program: E-Rate - Telecommunications Act Grant		84.XXX	<u>6,952</u>		<u>6,952</u>	
Total Department of Education			<u>242,785</u>		<u>231,293</u>	
Totals			<u>\$377,238</u>	<u>\$30,667</u>	<u>\$365,746</u>	<u>\$31,390</u>

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

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES
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

Non-monetary 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

242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

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

Jefferson Area Local School District
Ashtabula County
45 East Satin Street
Jefferson, Ohio 44047

To the Board of Education:

We have audited the financial statements of Jefferson Area Local School District, (the District), as of and for the year ended June 30, 1999, and have issued our report thereon dated February 9, 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 item 1999-11104-001.

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 financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated February 9, 2000.

This report is intended for the information and use of 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
February 9, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

242 Federal Plaza West
Suite 302
Youngstown, Ohio 44503
Telephone 330-797-9900
800-443-9271
Facsimile 330-797-9949

**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**

Jefferson Area Local School District
Ashtabula County
45 East Satin Street
Jefferson, Ohio 44047

To the Board of Education:

Compliance

We have audited the compliance of Jefferson Area Local School District, (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 its major federal program for the year ended June 30, 1999. The District's major federal program is 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 its major federal program 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 its major federal program for the year ended June 30, 1999.

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 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

February 9, 2000

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

1. SUMMARY OF AUDITOR'S RESULTS

<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)?	No
<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?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Title 1 Grants to Local Educational Agencies - CFDA # 84.010
<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

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

Finding Number 1999-11104-001	
--------------------------------------	--

Ohio Rev. Code Section 5705.412 requires the treasurer, superintendent, and president of the board of education to certify that adequate revenues will be available to maintain all personnel, programs, and services essential to the provision of an adequate educational program for a specified number of days. This certification must be attached to all negotiated agreements, contracts for benefits, increased salary or wage schedules, and construction contracts.

The District entered a negotiated agreement and increased salary schedule without issuing certificates of adequate revenue as required by Ohio Rev. Code Section 5705.412. The negotiated agreement, signed August 28, 1997, is between the District and the Jefferson Area Teachers Association for the period July 1, 1998 through June 30, 2001. The increased salary schedule is contained in the agreement, signed May 8, 1998, between the District and Ohio Association of Public Employees (AFSCME Local 419) for the period January 1, 1997 through December 31, 1999.

Section 5705.412 provides that any negotiated agreement or increased salary schedule without required certificates is void as a matter of law.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None

FORM SF-SAC
(8-97)

U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS
ACTING AS COLLECTING AGENT FOR
OFFICE OF MANAGEMENT AND BUDGET

**Data Collection Form for Reporting on
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS**

Complete this form, as required by OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations."

RETURN TO

Single Audit Clearinghouse
1201 E. 10th Street
Jeffersonville, IN 47132

PART I GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal Year ending date for this submission
Month Day Year
06/30/1999

2. Type of Circular A-133 audit
1 Single audit 2 Program-specific audit

3. Audit period covered
1 Annual 2 Biennial
3 Other - Months

**FEDERAL
GOVERNMENT
USE ONLY**

4. Date received by Federal clearinghouse

5. Employer Identification Number (EIN)
a. Auditee EIN 346001507 b. Are multiple EINs covered in this report? 1 Yes 2 No

6. AUDITEE INFORMATION

a. Auditee name
Jefferson Area Local School District

b. Auditee address (Number and street)
45 East Satin Street
City
Jefferson
State OH ZIP Code 44047-

c. Auditee contact
Name
Linda Bryan
Title
Treasurer

d. Auditee contact telephone
(440)576-9180

e. Auditee contact FAX (Optional)
(440)576-9876

f. Auditee contact E-mail (Optional)

7. AUDITOR INFORMATION (To be completed by auditor)

a. Auditor name
JIM PETRO, Auditor of State

b. Auditor address (Number and street)
88 East Broad Street
City
Columbus
State OH ZIP Code 43216

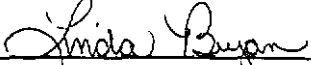
c. Auditor contact
Name
Rick Kubic
Title
Senior Deputy Auditor

d. Auditor contact telephone
(330)797-9900

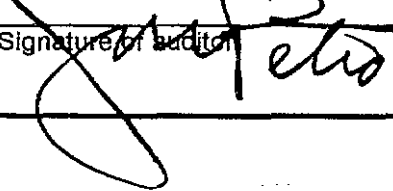
e. Auditor contact FAX (Optional)
(330)797-9949

f. Auditor contact E-mail (Optional)
MRKubic@auditor.state.oh.us

g. AUDITEE CERTIFICATION STATEMENT- This is to certify that, to the best of my knowledge and belief, the auditee has: (1) Engaged an auditor to perform an audit in accordance with the provisions of OMB Circular A-133 for the period described in Part I items 1 and 3; (2) the auditor has completed such audit and presented a signed audit report which states that the audit was conducted in accordance with the provisions of the Circular; and, (3) the information included in Parts I, II, and III of this data collection form is accurate and complete. I declare that the foregoing is true and correct.


Signature of certifying official Date
Month Day Year
Linda Bryan, Treasurer 2/9/2000
Name/Title of certifying official

g. AUDITOR STATEMENT- The data elements and information included in this form are limited to those prescribed by OMB Circular A-133. The information included in Parts II and III of the form, except for Part III, items 5 and 6, was transferred from the auditor's report(s) for the period described in Part I, items 1 and 3, and is **not a substitute** for such reports. The auditor has not performed any auditing procedures since the date of the auditor's report(s). A copy of the reporting package required by OMB Circular A-133, which includes the complete auditor's report(s), is available in its entirety from the auditee at the address provided in Part I of this form. As required by OMB Circular A-133, the information in Parts II and III of this form was entered in this form by the auditor based on information included in the reporting package. The auditor has not performed any additional auditing procedures in connection with the completion of this form.


Signature of auditor Date
Month Day Year
3/31/00

PART I GENERAL INFORMATION - Continued

8. Indicate whether the auditee has either a Federal cognizant or oversight agency for audit. (Mark (X) one box)

- 1 Cognizant agency 2 Oversight agency

9. Name of Federal cognizant or oversight agency for audit (Mark (X) one box)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input checked="" type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | <input type="checkbox"/> Other - Specify: |

PART II FINANCIAL STATEMENTS (To be completed by auditor)

1. Type of audit report (Mark (X) one box)

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. Is a "going concern" explanatory paragraph included in the audit report? 1 Yes 2 No

3. Is a reportable condition disclosed? 1 Yes 2 No - SKIP to Item 5

4. Is any reportable condition reported as a material weakness? 1 Yes 2 No

5. Is a material noncompliance disclosed? 1 Yes 2 No

PART III FEDERAL PROGRAMS (To be completed by auditor)

1. Type of audit report on major program compliance

- 1 Unqualified opinion 2 Qualified opinion 3 Adverse opinion 4 Disclaimer of opinion

2. What is the dollar threshold to distinguish Type A and Type B programs § .520(b)?

\$ 300,000

3. Did the auditee qualify as a low-risk auditee (§ .530)?

- 1 Yes 2 No

4. Are there any audit findings required to be reported under § .510(a)?

- 1 Yes 2 No

5. Which Federal Agencies are required to receive the reporting package? (Mark (X) all that apply)

- | | | | |
|--|--|---|--|
| 01 <input type="checkbox"/> African Development Foundation | 83 <input type="checkbox"/> Federal Emergency Management Agency | 16 <input type="checkbox"/> Justice | 08 <input type="checkbox"/> Peace Corps |
| 02 <input type="checkbox"/> Agency for International Development | 34 <input type="checkbox"/> Federal Mediation and Conciliation Service | 17 <input type="checkbox"/> Labor | 59 <input type="checkbox"/> Small Business Administration |
| 10 <input type="checkbox"/> Agriculture | 39 <input type="checkbox"/> General Services Administration | 43 <input type="checkbox"/> National Aeronautics and Space Administration | 96 <input type="checkbox"/> Social Security Administration |
| 11 <input type="checkbox"/> Commerce | 93 <input type="checkbox"/> Health and Human Services | 89 <input type="checkbox"/> National Archives and Records Administration | 19 <input type="checkbox"/> State |
| 94 <input type="checkbox"/> Corporation for National and Community Service | 14 <input type="checkbox"/> Housing and Urban Development | 05 <input type="checkbox"/> National Endowment for the Arts | 20 <input type="checkbox"/> Transportation |
| 12 <input type="checkbox"/> Defense | 03 <input type="checkbox"/> Institute for Museum Services | 06 <input type="checkbox"/> National Endowment for the Humanities | 21 <input type="checkbox"/> Treasury |
| 84 <input type="checkbox"/> Education | 04 <input type="checkbox"/> Inter-American Foundation | 47 <input type="checkbox"/> National Science Foundation | 82 <input type="checkbox"/> United States Information Agency |
| 81 <input type="checkbox"/> Energy | 15 <input type="checkbox"/> Interior | 07 <input type="checkbox"/> Office of National Drug Control Policy | 64 <input type="checkbox"/> Veterans Affairs |
| 66 <input type="checkbox"/> Environmental Protection Agency | | | 00 <input checked="" type="checkbox"/> None |
| | | | <input type="checkbox"/> Other - Specify: |

FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR

CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement ² (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
10.550	Food Distribution	\$ 31,390	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.553	School Breakfast Program	\$ 21,637	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.555	National School Lunch Program	\$ 112,816	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.010	Title I Grants to Local Educational Agencies	\$ 212,703	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.186	Safe and Drug-Free Schools and Communities State Grants	\$ 2,015	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.276	Goals 2000 State and Local Education Systemic Improvement	\$ 4,150	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.298	Innovative Education Program Strategies	\$ 1,994	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.048	Vocational Education Basic Grants to States	\$ 3,479	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.XXX	Telecommunications Act Grant E-Rate	\$ 6,952	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
TOTAL FEDERAL AWARDS EXPENDED ->		397,136					

IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS

¹ Or other identifying number when the Catalog of Federal Domestic Assistance (CFDA) number is not available.

² Type of compliance requirement (Enter the letter(s) of all that apply to audit findings and questioned costs reported for each Federal program.)

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act
- E. Eligibility
- F. Equipment and real property management
- G. Matching, level of effort, earmarking
- H. Period of availability of funds
- I. Procurement
- J. Program income
- K. Real property acquisition and relocation assistance
- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None

³ Type of internal control findings/Mark (X) all that apply)

- A. Material weaknesses
- B. Reportable conditions
- C. None reported



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

JEFFERSON AREA LOCAL SCHOOL DISTRICT

ASHTABULA 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*

Date: MAR 09 2000