

**JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999

TABLE OF CONTENTS

| <u>TITLE</u> | <u>PAGE</u> |
|---|-------------|
| Report of Independent Accountants | 1 |
| General-Purpose Financial Statements: | |
| Combined Balance Sheet - All Fund Types and Account Groups | 2 |
| Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Similar Trust Funds | 6 |
| Combined Statement of Revenues, Expenditures and Changes In Fund Balances - Budget and Actual (Budget Basis) All Governmental Fund Types and Similar Trust Funds | 7 |
| Combined Statement of Revenues, Expenses and Changes in Retained Earnings - Enterprise Fund | 9 |
| Combined Statement of Cash Flows Enterprise Fund | 10 |
| Notes to the General Purpose Financial Statements | 11 |
| Schedule of Federal Awards Receipts and Expenditures | 36 |
| Notes to Schedule of Federal Awards Receipts and Expenditures | 37 |
| Report of the Independent Accountants on Compliance and on Internal Controls Required by <i>Government Auditing Standards</i> | 38 |
| Report of the Independent Accountants on Compliance with Requirements Applicable to Each Major Federal Program and Internal Control Over Compliance in Accordance with OMB Circular A-133 | 40 |
| Schedule of Findings | 42 |



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

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

REPORT OF INDEPENDENT ACCOUNTANTS

James A. Garfield Local School District
Portage County
8233 Park Avenue
Garrettsville, Ohio 44231

To the Board of Education:

We have audited the accompanying general-purpose financial statements of James A. Garfield Local School District, Portage 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 District, as of June 30, 1999, and the results of its operations and the cash flows of its proprietary fund type for the year then ended in conformity with generally accepted accounting principles.

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 receipts and 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.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 9, 1999, 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.


Jim Petro
Auditor of State
December 9, 1999

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

| Governmental Fund Types | | | | |
|--|---------------------|------------------|-------------------|---------------------|
| | General Fund | Special Revenue | Debt Service | Capital Projects |
| Assets and Other Debits | | | | |
| Assets: | | | | |
| Cash and Cash Equivalents | \$ 1,138,465 | \$ 92,022 | \$ 181,285 | \$ 6,872,770 |
| Receivables: | | | | |
| Taxes | | | | |
| Taxes - current | 2,991,152 | | 468,700 | |
| Taxes - delinquent | 56,287 | | 9,070 | |
| Accounts | 7,329 | 137 | | |
| Materials and Supplies Inventory | 12,849 | | | |
| Prepaid Items | 6,099 | | | |
| Restricted: Cash and Cash Equivalents | 105,668 | | | |
| Fixed Assets: | | | | |
| Land | | | | |
| Building and Building Improvements | | | | |
| Furniture, Fixtures and Equipment | | | | |
| Vehicles | | | | |
| Accumulated Depreciation: | | | | |
| Accumulated Depreciation | | | | |
| Other Debits: | | | | |
| Amount in Debt Service Fund for Retirement | | | | |
| Provided from General Government Resources | | | | |
| Total Assets and Other Debits | \$ 4,317,848 | \$ 92,159 | \$ 659,055 | \$ 6,872,770 |

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

| Proprietary | | Fiduciary | | Account Groups | | Totals (Memorandum Only) |
|------------------|------------------|--|--|----------------|-----------|--------------------------------|
| Fund Types | Fund Types | General Fixed Assets Account Group | General Long Term Debt Account Group | | | |
| Enterprise | Trust and Agency | | | | | |
| \$ 22,961 | \$ 32,678 | | | | | \$ 8,340,180 |
| | | | | | | 3,459,852 |
| | | | | | | 65,357 |
| 17,750 | | | | | | 25,216 |
| 23,745 | | | | | | 36,594 |
| 11 | | | | | | 6,110 |
| | | | | | | 105,668 |
| | | | | | | |
| | | | | 376,097 | | 376,097 |
| | | | | 2,981,830 | | 2,981,830 |
| 131,493 | | | | 1,547,969 | | 1,679,462 |
| | | | | 841,734 | | 841,734 |
| | | | | | | |
| (107,952) | | | | | | (107,952) |
| | | | | | | |
| | | | | | 238,460 | 238,460 |
| | | | | | 7,351,196 | 7,351,196 |
| <u>\$ 88,008</u> | <u>\$ 32,678</u> | <u>\$ 5,747,630</u> | <u>\$ 7,589,656</u> | | | <u>\$ 25,399,803</u> |

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

| | Governmental Fund Types | | | |
|---|-------------------------|------------------|-------------------|---------------------|
| | General Fund | Special Revenue | Debt Service | Capital Projects |
| Liabilities, Equity and Other Credits | | | | |
| Liabilities: | | | | |
| Accounts Payable | \$ 34,294 | \$ 7,890 | | \$ 236,949 |
| Accrued Wages and Benefits | 874,451 | 58,268 | | 35 |
| Compensated Absences Payable | 5,533 | | | |
| Intergovernmental Payable | | | | |
| Deferred Revenue | | | | |
| Deferred Revenue | | | | |
| Deferred Revenue - taxes | 2,758,908 | | 420,595 | |
| Due to Students | | | | |
| General Obligation Bonds Payable | | | | |
| Total Liabilities | 3,673,186 | 66,158 | 420,595 | 236,983 |
| Fund Equity and Other Credits: | | | | |
| Investment in General Fixed Assets | | | | |
| Retained Earnings: | | | | |
| Unreserved | | | | |
| Fund Balances: | | | | |
| Reserved: | | | | |
| Statutory Reserves | 105,668 | | | |
| Reserved for Encumbrances | 157,677 | 23,919 | | 1,170,430 |
| Reserved for Inventory | 12,849 | | | |
| Reserved for Prepaid Items | 6,099 | | | |
| Reserved for Property Taxes | 288,531 | | 57,175 | |
| Unreserved: | | | | |
| Unreserved, Undesignated | 73,838 | 2,082 | 181,285 | 5,465,356 |
| Total Fund Equity and Other Credits | 644,662 | 26,001 | 238,460 | 6,635,786 |
| Total Liabilities, Fund Equity and Other Credits | \$ 4,317,848 | \$ 92,159 | \$ 659,055 | \$ 6,872,770 |

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

| Proprietary | | Fiduciary | | Account Groups | | Totals (Memorandum Only) |
|-------------|------------------|---------------|---------------|----------------|----------------|--------------------------------|
| Fund Types | | Fund Types | | General | General | |
| | | | | Fixed Assets | Long Term Debt | |
| Enterprise | Trust and Agency | Account Group | Account Group | Account Group | Account Group | |
| \$ 18,853 | \$ 59 | | | | | \$ 298,045 |
| 33,218 | 94 | | | | | 966,066 |
| 19,148 | | | | | 568,605 | 593,286 |
| | | | | | 68,059 | 68,059 |
| 12,944 | | | | | | 12,944 |
| | | | | | | 3,179,503 |
| | 11,061 | | | | | 11,061 |
| | | | | | 6,952,992 | 6,952,992 |
| 84,163 | 11,214 | 0 | | 7,589,656 | | 12,081,955 |
| | | | | 5,747,630 | | 5,747,630 |
| 3,845 | | | | | | 3,845 |
| | | | | | | 105,668 |
| | | | | | | 1,352,026 |
| | | | | | | 12,849 |
| | | | | | | 6,099 |
| | | | | | | 345,706 |
| | 21,464 | | | | | 5,744,025 |
| 3,845 | 21,464 | 5,747,630 | | 0 | | 13,317,848 |
| \$ 88,008 | \$ 32,678 | \$ 5,747,630 | \$ 7,589,656 | \$ 25,399,803 | | |

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

| | Governmental Fund Types | | | | Fiduciary | Total (Memorandum Only) |
|--|-------------------------|--------------------|--------------------|---------------------|-----------------------------------|-------------------------------|
| | General | Special Revenue | Debt Service | Capital Projects | Fund Type Expendable Trusts | |
| Revenues: | | | | | | |
| Intergovernmental | \$ 4,705,718 | \$ 313,779 | \$ 25,561 | \$ 192,066 | \$ 0 | \$ 5,237,124 |
| Interest | 162,078 | | | 179,036 | 1,107 | 342,221 |
| Tuition and Fees | 14,497 | | | | | 14,497 |
| Extracurricular Activities | | 80,947 | | | | 80,947 |
| Gifts and Donations | | | | | 13,038 | 13,038 |
| Property & Other Local Taxes | 3,043,726 | | 297,941 | | | 3,341,667 |
| Miscellaneous | 1,784 | 81,926 | | | | 83,710 |
| Total Revenues | <u>7,927,803</u> | <u>476,652</u> | <u>323,502</u> | <u>371,102</u> | <u>14,145</u> | <u>9,113,204</u> |
| Expenditures: | | | | | | |
| Current: | | | | | | |
| Instruction: | | | | | | |
| Regular | 3,948,621 | 35,598 | | | | 3,984,219 |
| Special | 248,914 | 135,235 | | | | 384,149 |
| Other | | 1,957 | | | | 1,957 |
| Support Services | | | | | | |
| Pupils | 315,643 | 42,150 | | | | 357,793 |
| Instructional Staff | 426,906 | 73,801 | | | 2,310 | 503,017 |
| Board of Education | 24,175 | | | | | 24,175 |
| Administration | 827,893 | 54,929 | | | | 882,822 |
| Fiscal | 227,891 | | 4,544 | | | 232,435 |
| Operation & Maintenance of Plant | 873,757 | | | 248,483 | | 1,122,240 |
| Pupil Transportation | 786,751 | | | | | 786,751 |
| Central | 430 | 63,825 | | | | 64,255 |
| Non-Instructional Services | | | | | | |
| Extracurricular Activities | 162,302 | 60,235 | | | 21,106 | 127,487 |
| Capital Outlay | | | | 574,232 | 50 | 222,587 |
| Debt Service: | | | | | | |
| Debt Service - Principal | | | 6,926,500 | | | 6,926,500 |
| Debt Service - Interest | | | 110,559 | | | 110,559 |
| Total Expenditures | <u>7,843,283</u> | <u>467,878</u> | <u>7,041,603</u> | <u>928,948</u> | <u>23,466</u> | <u>16,305,178</u> |
| Excess of Revenues Over (Under) Expenditures | <u>84,520</u> | <u>8,774</u> | <u>(6,718,101)</u> | <u>(557,846)</u> | <u>(9,321)</u> | <u>(7,191,974)</u> |
| Other Financing Sources (Uses) | | | | | | |
| Operating Transfers In | 93,976 | 24,390 | | 67,732 | | 186,098 |
| Proceeds from Sale of Bonds | | | 6,900,000 | 6,900,000 | | 13,800,000 |
| Proceeds from Sale of Fixed Assets | 2,300 | | | | | 2,300 |
| Refund of Prior Year Expenditures | 1,543 | | | | | 1,543 |
| Other Financing Sources | 1,530 | 1,801 | 22,612 | | | 25,943 |
| Operating Transfers Out | (166,238) | (21,577) | | | 1,530 | (186,285) |
| Refund of Prior Year Receipts | 12 | (79) | | | | (67) |
| Total Other Financing Sources (Uses) | <u>(66,877)</u> | <u>4,535</u> | <u>6,922,612</u> | <u>6,967,732</u> | <u>1,530</u> | <u>13,829,532</u> |
| Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses | <u>17,643</u> | <u>13,309</u> | <u>204,511</u> | <u>6,409,886</u> | <u>(7,791)</u> | <u>6,637,558</u> |
| Fund Balance July 1, 1998 | 627,022 | 12,692 | 33,949 | 225,900 | 29,255 | 928,818 |
| Increase in Reserve for Inventory | (3) | | | | | (3) |
| Fund Balance June 30, 1999 | <u>\$ 644,662</u> | <u>\$ 26,001</u> | <u>\$ 238,460</u> | <u>\$ 6,635,786</u> | <u>\$ 21,464</u> | <u>\$ 7,566,373</u> |

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES
BUDGET AND ACTUAL (BUDGET BASIS)
ALL GOVERNMENTAL FUND TYPES AND SIMILAR TRUST FUNDS
FOR THE FISCAL YEAR ENDED JUNE 30, 1999**

| | General | | | Special Revenue | | | Debt Service | |
|---|-------------------|---------------------|--|-------------------|------------------|--|--------------------|--------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual |
| Revenues: | | | | | | | | |
| Intergovernmental | \$ 4,700,619 | \$ 4,706,317 | \$ 5,698 | \$ 378,137 | \$ 313,779 | \$ (64,358) | \$ 13,000 | \$ 25,561 |
| Interest | 160,000 | 162,078 | 2,078 | | | 0 | | |
| Tuition and Fees | | 7,736 | 7,736 | | | 0 | | |
| Extracurricular Activities | | | 0 | 78,000 | 80,947 | 2,947 | | |
| Gifts and Donations | | | 0 | | | 0 | | |
| Property & Other Local Taxes | 2,913,169 | 2,918,349 | 5,180 | | | 0 | 256,832 | 243,024 |
| Miscellaneous | | 1,809 | 1,809 | 74,500 | 81,189 | 6,689 | | |
| Total Revenues | 7,773,788 | 7,796,289 | 22,501 | 530,637 | 475,915 | (54,722) | 269,832 | 268,585 |
| Expenditures: | | | | | | | | |
| Current: | | | | | | | | |
| Instruction: | | | | | | | | |
| Regular | 4,108,995 | 4,022,349 | 86,646 | 50,194 | 39,916 | 10,278 | | |
| Special | 265,477 | 254,896 | 10,581 | 184,435 | 122,696 | 61,739 | | |
| Other | 1,000 | | 1,000 | 3,646 | 2,192 | 1,454 | | |
| Support Services: | | | | | | | | |
| Pupils | 337,390 | 310,373 | 27,017 | 37,051 | 33,350 | 3,701 | | |
| Instructional Staff | 501,624 | 486,354 | 15,270 | 88,235 | 76,639 | 11,596 | | |
| Board of Education | 34,639 | 25,105 | 9,534 | | | 0 | | |
| Administration | 867,732 | 831,046 | 36,686 | 56,294 | 54,886 | 1,408 | | |
| Fiscal | 236,867 | 223,106 | 13,761 | | | 0 | 6,125 | 4,544 |
| Operation and Maintenance of Plant | 964,716 | 921,328 | 43,388 | | | 0 | | |
| Pupil Transportation | 793,354 | 772,099 | 21,255 | | | 0 | | |
| Central | 3,129 | 1,155 | 1,974 | 64,343 | 64,343 | 0 | | |
| Non-Instructional Services | | | 0 | 2,452 | 148 | 2,304 | | |
| Extracurricular Activities | 177,484 | 158,535 | 18,949 | 80,864 | 80,864 | 0 | | |
| Capital Outlay | | | 0 | | | 0 | | |
| Debt Service | | | 0 | | | 0 | 6,926,500 | 6,926,500 |
| Debt Service - Principal | | | 0 | | | 0 | 114,475 | 110,559 |
| Debt Service - Interest | | | 0 | | | 0 | | |
| Total Expenditures | 8,292,407 | 8,006,346 | 286,061 | 567,514 | 475,034 | 92,480 | 7,047,100 | 7,041,603 |
| Excess of Revenues Over (Under) Expenditures | (518,619) | (210,057) | (263,560) | (36,877) | 881 | (147,202) | (6,777,268) | (6,773,018) |
| Other Financing Sources (Uses) | | | | | | | | |
| Operating Transfers In | | | 0 | | 790 | 790 | | |
| Proceeds from Sale of Debt | | | 0 | | | 0 | 6,900,000 | 6,900,000 |
| Proceeds from Sale of Fixed Assets | | 2,300 | 2,300 | | | 0 | | |
| Refund of Prior Year Expenditures | | 1,251 | 1,251 | | | 0 | | |
| Advances In | 115,000 | 115,499 | 499 | 18,100 | 23,600 | 5,500 | | |
| Other Financing Sources | | | 0 | 3,000 | 3,000 | 0 | 2,820 | 22,612 |
| Operating Transfers Out | (70,000) | (67,922) | 2,078 | (600) | (600) | 0 | | |
| Refund of Prior Year Receipts | | 13 | 13 | (79) | (79) | 0 | | |
| Advances Out | (106,716) | (98,316) | 8,400 | (35,600) | (35,600) | 0 | | |
| Total Other Financing Sources (Uses) | (61,716) | (47,175) | 14,541 | (15,179) | (8,889) | 6,290 | 6,902,820 | 6,922,612 |
| Excess of Revenue & Other Financing Sources Over (Under) Expenditures & Other Financing Uses | (580,335) | (257,232) | 323,103 | (52,056) | (8,008) | 44,048 | 125,552 | 149,594 |
| Fund Balance July 1, 1998 | 865,932 | 865,932 | 0 | 50,275 | 50,275 | 0 | 31,691 | 31,691 |
| Prior Year Encumbrances Appropriated | 443,461 | 443,461 | 0 | 18,003 | 18,003 | 0 | | |
| Fund Balance June 30, 1999 | \$ 729,058 | \$ 1,052,161 | \$ 323,103 | \$ 16,222 | \$ 60,270 | \$ 44,048 | \$ 157,243 | \$ 181,285 |

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

| Variance Favorable (Unfavorable) | Capital Projects | | | Expendable Trust | | | Total (Memorandum Only) | | |
|----------------------------------|------------------|--------------|----------------------------------|------------------|-----------|----------------------------------|-------------------------|--------------|----------------------------------|
| | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) | Revised Budget | Actual | Variance Favorable (Unfavorable) |
| \$ 12,561 | \$ 200,976 | \$ 192,066 | \$ (8,910) | \$ 0 | \$ 0 | \$ 0 | \$ 5,292,732 | \$ 5,237,723 | \$ (55,009) |
| 0 | 255,456 | 179,036 | (76,420) | 10,000 | 1,107 | (8,893) | 425,456 | 342,221 | (83,235) |
| 0 | | | 0 | | | 0 | 0 | 7,736 | 7,736 |
| 0 | | | 0 | | | 0 | 78,000 | 80,947 | 2,947 |
| 0 | | | 0 | 1,330 | 13,038 | 11,708 | 1,330 | 13,038 | 11,708 |
| (13,808) | | | 0 | | | 0 | 3,170,001 | 3,161,373 | (8,628) |
| 0 | | | 0 | | | 0 | 74,500 | 82,998 | 8,498 |
| (1,247) | 456,432 | 371,102 | (85,330) | 11,330 | 14,145 | 2,815 | 9,042,019 | 8,926,036 | (115,983) |
| 0 | | | 0 | 50 | | 50 | 4,159,239 | 4,062,265 | 96,974 |
| 0 | | | 0 | | | 0 | 449,912 | 377,592 | 72,320 |
| 0 | | | 0 | | | 0 | 4,646 | 2,192 | 2,454 |
| 0 | | | 0 | | | 0 | 374,441 | 343,723 | 30,718 |
| 0 | | | 0 | 2,310 | 2,310 | 0 | 592,169 | 565,303 | 26,866 |
| 0 | | | 0 | | | 0 | 34,639 | 25,105 | 9,534 |
| 0 | | | 0 | | | 0 | 924,026 | 885,932 | 38,094 |
| 1,581 | | | 0 | | | 0 | 242,992 | 227,650 | 15,342 |
| 0 | 300,995 | 291,867 | 9,128 | | | 0 | 1,265,711 | 1,213,195 | 52,516 |
| 0 | | | 0 | | | 0 | 793,354 | 772,099 | 21,255 |
| 0 | | | 0 | | | 0 | 67,472 | 65,498 | 1,974 |
| 0 | 161,706 | 106,872 | 54,834 | 25,000 | 21,106 | 3,894 | 189,158 | 128,126 | 61,032 |
| 0 | | | 0 | 50 | 50 | 0 | 258,398 | 239,449 | 18,949 |
| 0 | 1,744,662 | 1,744,662 | 0 | | | 0 | 1,744,662 | 1,744,662 | 0 |
| 0 | | | 0 | | | 0 | 6,926,500 | 6,926,500 | 0 |
| 3,916 | | | 0 | | | 0 | 114,475 | 110,559 | 3,916 |
| 5,497 | 2,207,363 | 2,143,401 | 63,962 | 27,410 | 23,466 | 3,944 | 18,141,794 | 17,689,850 | 451,944 |
| (6,744) | (1,750,931) | (1,772,299) | (149,292) | (16,080) | (9,321) | (1,129) | (9,099,775) | (8,763,814) | (567,927) |
| 0 | | 67,732 | 67,732 | | | 0 | 0 | 68,522 | 68,522 |
| 0 | 6,900,000 | 6,900,000 | 0 | | | 0 | 13,800,000 | 13,800,000 | 0 |
| 0 | | | 0 | | | 0 | 0 | 2,300 | 2,300 |
| 0 | | | 0 | | | 0 | 0 | 1,251 | 1,251 |
| 0 | | | 0 | | | 0 | 133,100 | 139,099 | 5,999 |
| 19,792 | | | 0 | | | 0 | 5,820 | 25,612 | 19,792 |
| 0 | | | 0 | | | 0 | (70,600) | (68,522) | 2,078 |
| 0 | | | 0 | | | 0 | (79) | (66) | 13 |
| 0 | (5,183) | (5,183) | 0 | | | 0 | (147,499) | (139,099) | 8,400 |
| 19,792 | 6,894,817 | 6,962,549 | 67,732 | 0 | 0 | 0 | 13,720,742 | 13,829,097 | 108,355 |
| 24,042 | 5,143,886 | 5,190,250 | 46,364 | (16,080) | (9,321) | 6,759 | 4,620,967 | 5,065,283 | 444,316 |
| 0 | 7,654 | 7,654 | 0 | 29,255 | 29,255 | 0 | 984,807 | 984,807 | 0 |
| 0 | 267,486 | 267,486 | 0 | | | 0 | 728,950 | 728,950 | 0 |
| \$ 24,042 | \$ 5,419,026 | \$ 5,465,390 | \$ 46,364 | \$ 13,175 | \$ 19,934 | \$ 6,759 | \$ 6,334,724 | \$ 6,779,040 | \$ 444,316 |

**Combined Statement of Revenues, Expenses and Changes
In Retain Earnings - Enterprise Fund
For the Fiscal Year Ended June 30, 1999**

| | Enterprise Fund |
|--|--------------------|
| Operating Revenues: | |
| Tuition and Fees | \$ 21,953 |
| Sales | 232,887 |
| Other Operating Revenues | 5,535 |
| Total Operating Revenues | 260,375 |
| Operating Expenses: | |
| Salaries and Wages | 149,483 |
| Fringe Benefits | 65,664 |
| Purchased Services | 6,176 |
| Materials and Supplies | 197,743 |
| Depreciation | 1,402 |
| Other Operating Expenses | 61 |
| Total Operating Expenses | 420,529 |
| Operating (Loss) | (160,154) |
| Non-Operating Revenues: | |
| Federal commodities | 33,983 |
| Interest | 630 |
| Grants - State | 6,612 |
| Grants - Federal | 96,591 |
| Total Non-Operating Revenues | 137,816 |
| Net Income (Loss) Before Operating Transfers | (22,338) |
| Transfers In | 187 |
| Net Loss | (22,151) |
| Retained Earnings at July 1, 1998 | 25,996 |
| Retained Earnings at June 30, 1999 | \$ 3,845 |

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

**Combined Statement of Cash Flows
Enterprise Fund
For the Fiscal Year Ended June 30, 1999**

| | <u>Enterprise</u> |
|---|---------------------------|
| Cash Flows from Operating Activities: | |
| Cash Received from Tuition and Fees | \$ 21,864 |
| Cash Received from Sales/Charges for Services | 232,887 |
| Cash Received from Other Operations | 5,535 |
| Cash Payments for Personal Services | (199,149) |
| Cash Payments for Contract Services | (6,013) |
| Cash Payments for Supplies and Materials | (149,241) |
| Cash Payments for Other Expenses | (50) |
| Net Cash Provided by (used for) Operating Activities | <u>(94,167)</u> |
| Cash Flows from Non-Capital Financing Activities: | |
| Cash Received from Grants - State | 6,329 |
| Cash Received from Grants - Federal | 95,492 |
| Net Cash Provided by Non-Capital Financing Activities | <u>101,821</u> |
| Cash Flows from Investing Activities: | |
| Interest Proceeds | 630 |
| Net Cash Provided by Investing Activities | <u>630</u> |
| Net Increase in Cash and Cash Equivalents | 8,284 |
| Cash and Cash Equivalents at July 1, 1998 | 14,677 |
| Cash and Cash Equivalents at June 30, 1999 | <u>\$ 22,961</u> |
| Reconciliation of Operating Income to Net Cash Provided by (used for) Operating Activities: | |
| Operating Income (Loss) | \$ (160,153) |
| Adjustments to Reconcile Operating Income to Net Cash Provided by (used for) Operating Activities: | |
| Depreciation | 1,402 |
| Other Adjustments to Non-Operating Income | 35,551 |
| Changes in Assets and Liabilities: | |
| Materials and Supplies Inventory | (6,859) |
| Receivables | (1,471) |
| Accounts Payable | 18,853 |
| Accrued Wages and Benefits | 13,129 |
| Compensated Absences Payable | 2,868 |
| Interfund Loans | (187) |
| Deferred Revenue | 2,700 |
| Net Cash Provided by (used for) Operating Activities | <u>\$ (94,167)</u> |

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

Notes to the General Purpose Financial Statements
June 30, 1999

(1) Description of the School District

The James A. Garfield Local School District (the District) is organized under Section 2 and 3, Article VI of the Constitution of the State of Ohio to provide educational services to the students and other community members of the District. Under such laws there is no authority for a School District to have a charter or adopt local laws. The legislative power of the School District is vested in the Board of Education, consisting of five members elected at large for staggered four year terms by the citizens of the District.

The District serves an area of approximately 56 square miles in Portage County, including the Village of Garrettsville and portions of the surrounding townships of Freedom, Nelson, Hiram and Charlestown.

The District is the 372nd largest in the state of Ohio (among 611 Districts) in terms of enrollment (Fall 1998 enrollment counts). It currently operates one elementary school, one middle school, and one comprehensive high school. The District is staffed by 63 non-certified and 97 certified personnel to provide services to approximately 1,503 students and other community members.

(2) Summary of Significant Accounting Policies

The financial statements of the District have been prepared in conformity with generally accepted accounting principals (GAAP) as applied to governmental entities. 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. The Reporting Entity

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

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

James A. Garfield Local School District participates in two jointly governed organizations, the Stark-Portage Area Computer Consortium (SPARCC) and the Portage County School Consortium. SPARCC provides the data processing services needed by the participating school districts. The Portage County School Consortium is an insurance group purchasing consortium. Information regarding these organizations is presented in Note 16.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(1) Summary of Significant Accounting Policies (continued)

B. Basis of Presentation, Measurement Focus and Basis of Accounting

The accounts of the District are organized and operated on the basis of funds and account groups. A fund is an independent fiscal and accounting entity with a self-balancing set of accounts. Fund accounting segregates funds according to their intended purpose and is used to aid management in demonstrating compliance with finance-related legal and contractual provisions. The minimum number of funds are maintained consistent with legal and management requirements. Account groups are a reporting device to account for certain assets and liabilities of the governmental funds not recorded directly in those funds.

The District has the following fund types and account groups:

Governmental Funds

Governmental funds are used to account for the government's general government activities. Governmental fund types use the flow of current financial resources measurement focus and modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e., when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon thereafter to pay liabilities of the current period. The government considers all revenues available if they are collected within sixty days after year-end. Expenditures are recorded when the related fund liability is incurred, except for un-matured interest on general long-term debt which is recognized when due, and certain compensated absences and claims and judgements which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Property taxes, interest, tuition, and accounts (student fees and rent) are susceptible to accrual. Current property taxes measurable as of June 30, 1999, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available as well as tax advances available at June 30, 1999 but not yet taken are recognized as revenue. Other receipts become measurable and available when cash is received by the government and are recognized as revenue at that time.

Entitlements and shared revenues are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other grant requirements have been met.

Governmental funds include the following fund types:

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

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

Notes to the General Purpose Financial Statements
June 30, 1999 (continued)

(2) Summary of Significant Accounting Policies (Continued)

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

Capital Projects Fund - The Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by Proprietary Funds and Trust Funds).

Proprietary Funds

Proprietary funds are accounted for on the flow of economic resources measurement focus and use the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time liabilities are 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 Financial Accounting Standards Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989, that do not conflict with, or contradict GASB pronouncements. Proprietary funds include the following fund types:

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

Fiduciary Funds

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 governmental units and/or other funds. Trust funds account for assets held by the District under the terms of a formal trust agreement. Fiduciary funds include the following fund types:

Expendable Trust Funds - The Expendable Trust Fund is accounted for in essentially the same manner as the governmental fund types, using the same measurement focus and basis of accounting. Expendable trust funds account for assets when both the principal and interest may be spent.

Agency Funds - Agency Funds are custodial in nature and do not involve results of operations or have a measurement focus. This fund is used to account for assets that the government holds for others in an agency capacity.

Account Groups

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

General Long Term Obligations Account Group - This account group is established to account for all long-term obligations of the District except those accounted for in the Proprietary Funds.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Summary of Significant Accounting Policies (continued)

(C) Budgets

The District is required by state statute to adopt an annual appropriated cash basis budget for all funds within an established specific timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution; all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

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

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

Estimated Resources - Prior to March 15, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commissions Certificate of Estimated Resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the Certificate of Estimated Resources. The revised budget then serves as a basis for the appropriation measure. On or about July 1, the Certificate is amended to include any unencumbered balances from the preceding year as reported by the District Treasurer. The Certificate may be further amended during the year if projected increases or decreases in revenues are identified by the District Treasurer. The amounts reported in the budgetary statement reflect the amounts set forth in the final Amended Certificate issued for the fiscal year 1999.

Appropriations - Upon receipt from the County Auditor of an Amended Certificate of Estimated Resources based on final assessed values of tax rates or a certificate saying that no new certificate is necessary, by October 1, the annual appropriation resolution is legally enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenditures of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals. Any revisions that alter the total of any fund appropriation or alter total function appropriations in a fund, or alter object appropriation functions must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, supplemental appropriations were legally enacted; however, none of these amendments were significant.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(1) Summary of Significant Accounting Policies (continued)

The budgetary figures which appear in the statements of budgetary comparison represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds other than agency funds, consistent with statutory provisions.

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year-end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds. Note 15 provides a reconciliation of the budgetary and GAAP basis of accounting for governmental funds.

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

(D) Deposits and Investments

The District's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. To improve cash management, cash received by the District is pooled. Monies for all funds, including proprietary funds, are maintained in this pool. 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" on the combined balance sheet.

State statutes authorize the District to invest in obligations of U.S. Treasury, commercial paper, repurchase agreements and Star Ohio. During fiscal year 1999, investments were limited to STAROhio and repurchase agreements. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price, which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to Agency Funds, Auxiliary Services, Student Activities, certain trust funds, and those other funds individually authorized by board resolution. Interest earnings are allocated to these funds based on average monthly cash balances. Interest income earned in fiscal 1999 totaled \$342,850:

Applicable Interest Earnings

| | |
|------------------------|------------|
| General Fund | \$ 162,078 |
| Capital Projects Funds | \$ 179,036 |
| Enterprise Funds | \$ 630 |
| Trust Funds | \$ 1,107 |
| Agency Funds | \$ 897 |

An analysis of the Treasurer's investment account at year end is provided in Note 5.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Summary of Significant Accounting Policies (continued)

E. Inter-fund Receivables and Payables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "Inter-fund Loans Receivable/Payable".

Advances between funds are offset by a fund balance reserve account to indicate that they are not available for appropriation and are not expendable available financial resources.

F. Inventory

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of inventoried items is recognized as an expenditure when purchased in governmental funds and an expense when used in proprietary funds. The total of inventories at year-end is reported as a reservation of fund balance in governmental funds because it does not represent available, spendable resources.

G. Property, Plant, and Equipment; and Depreciation

1. General Fixed Assets Account Group

General fixed assets used in governmental fund types of the District are capitalized at cost (or estimated historical cost) and updated for the cost of additions and retirements during the year in the General Fixed Assets Account Group. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the *General Fixed Assets Account Group*.

2. Proprietary Funds

Property, plant and equipment reflected in the proprietary funds are stated at historical cost (or estimated historical cost) and updated for the cost of additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date donated. Depreciation has been provided, where appropriate, on a straight-line basis over the following estimated useful lives.

| Asset | Life (years) |
|--|--------------|
| Furniture, Fixtures and Minor Equipment | 5 - 20 |

H. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlement, 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 entitlement for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Summary of Significant Accounting Policies (continued)

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

Entitlement

General Fund

State Foundation Program
School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

Venture Capital
Education Management Information Systems (EMIS)
Disadvantaged Pupil Impact Aid
Textbooks and Instructional Materials Subsidy
Title VI-B
Title I
Title VI
Drug Free Schools
Professional Development Block Grant
Misc. State Grants

Capital Projects Funds

School Net
School Net Plus
Technology Equity
Emergency School Building Repair

Reimbursable Grants

General Fund

Driver Education Reimbursement

Proprietary Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and Entitlements amounted to approximately 54.17% of the District's operating revenues during the 1999 fiscal year.

I. Accrued Liabilities and Long -Term Obligations

Long term debt is recognized as a liability of a government 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 government fund. The remaining portion of such obligations is reported in the General Long Term Obligation Account Group. Long-term liabilities expected to be financed from proprietary fund operations are accounted for in those funds.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Summary of Significant Accounting Policies (continued)

J. Compensated Absences

The District has implemented the provisions of GASB Statement No. 16, "Accounting for Compensated Absences." Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the employer will compensate the employees for the benefits through time off or some other means such as cash payment at termination or retirement.

Severance benefits are accrued using the vesting method. The liability for severance payments is based upon the sick leave accumulated at the balance sheet date by those employees who are currently eligible to receive severance termination payments, as well as those employees, who have at least 15 years of service and are at least 45 years of age.

The total liability for vacation and termination payments has been calculated using pay rates in effect at the balance sheet date, and reduced to the maximum payment allowed by labor contract and/or statute, plus any applicable salary related payments.

Accumulated vacation and sick leave of Governmental Fund Type employees meeting the above requirements have been recorded in the appropriate Governmental Fund as a current liability to the extent that the amounts are expected to be payable within the current available period. The balance of the liability is recorded in the General Long Term Debt Account Group. In proprietary funds, the entire amount of eligible compensated absences is reported as a fund liability.

K. Inter-fund 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 it reimbursed.

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

L. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents (an intergovernmental receivable) set aside to establish 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. The District received \$44,063.25 in fiscal year 1998 and \$429.38 in fiscal year 1999 in refunds and rebates from the Bureau of Workers' Compensation which State statute required to be included in this reserve. These refunds are presented as "other revenue" in the accompanying financial statements. A fund balance reserve has also been established.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Summary of Significant Accounting Policies (continued)

| | <u>Textbooks</u> | <u>Capital Acquisition</u> | <u>Budget Stabilization</u> | <u>Totals</u> |
|---|---------------------|--------------------------------|---------------------------------|---------------------|
| Set-aside Cash Balance as of June 30, 1998 | \$0 | \$0 | \$44,063 | \$44,063 |
| Current Year Set-Aside Requirement | 122,352 | 122,352 | 61,176 | 305,880 |
| Current Year Offsets | 22,009 | 0 | (429) | 21,580 |
| Qualifying Disbursements | <u>281,895</u> | <u>901,378</u> | <u>0</u> | <u>1,183,273</u> |
| Total | \$ <u>(181,552)</u> | \$ <u>(779,026)</u> | \$ <u>105,668</u> | \$ <u>(854,910)</u> |
| Cash Balance Carried Forward to FY 2000 | <u>0</u> | <u>0</u> | <u>\$105,668</u> | \$ <u>105,668</u> |
| Amount Restricted for Budget Stabilization | | | | <u>\$105,668</u> |
| Total Restricted Assets | | | | <u>\$105,668</u> |

Although the School 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.

M. Fund Equity

Contributed capital is recorded in proprietary funds that received capital grants or contributions from other funds. 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 encumbrances and materials and supplies inventory. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds.

N. Fund Balance Reserves

Include budget stabilization reserve for workers' compensation refund.

O. Estimates

The preparation of financial statements in conformity with generally accepted accounting principals 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.

P. Memorandum Only - Total Columns

Total columns on the General Purpose Financial Statements are captioned (Memorandum Only) to indicate that they do not represent consolidated financial information and are presented only to facilitate analysis. Data in these columns do not present financial position, results of operations, or cash flows in conformity with generally accepted accounting principles. Inter-fund elimination has not been made in the aggregation of this data.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(3) Changes in Financial Statement Presentation and Basis of Accounting

There were no changes implemented that would enact a prior year restatement of balances.

(4) Stewardship, Compliance, and Accountability

Deficit Fund Equity

Fund balances and/or fund equity/retained earnings at June 30, 1999 included the following individual deficits:

| | <u>Deficit Fund Balance/ Retained Earnings</u> |
|---------------------|--|
| Teacher Development | \$ (333) |
| Disadvantaged Pupil | (603) |
| | |
| Title VI-B | (6,381) |
| Chapter I | (33,810) |

The above fund deficits did not exist on the cash basis of accounting in accordance with Ohio Law. These GAAP fund balance deficits will be funded by anticipated future revenues not recognized and recorded at June 30.

(5) Equity in Pooled Cash and Investments

The District maintains a cash and investment pool used by all funds. Each fund types portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Investments." In addition, the District utilizes a financial institution to service bonded debt as principal and interest payments come due.

Legal Requirements: Statutes require the classification of monies held by the District in three categories:

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

Inactive Monies: Inactive deposits are public deposits 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 Monies: 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 accounts, including passbook accounts.

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

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(2) Equity in Pooled Cash and Investments (Continued)

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

- A. 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;
- B. Bonds, notes, debentures, or any other obligations of 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;
- C. 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;
- D. Bonds and other obligations of the State of Ohio.
- E. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
- F. The State Treasurers Investment pool (STAROhio); and
- G. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in and amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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.

Cash on Hand: At year end, the District had no undeposited cash on hand.

Deposits: At fiscal year end, the carrying amount of the Districts deposits was (\$148,902) and the bank balance was \$236,954. Of the bank balance:

- (1) \$15,036 was covered by federal depository insurance; and
- (2) \$221,918 was uninsured and uncollateralized. Although all Ohio statutory requirements for the collateralization of deposits had been followed, non-compliance with federal requirements could potentially subject the District to a successful claim by the FDIC.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(5) Equity in Pooled Cash and Investments (Continued)

Investments: The Districts investments are required to be categorized below to give an indication of the level of risk assumed by the District at year-end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter-party, or by its trust department or agent but not in the Districts name. STAROhio is unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

| | Category | | | <u>Carrying</u> | <u>Market</u> |
|----------------------------------|----------|-----------|---|---------------------|---------------------|
| | 1 | 2 | 3 | <u>Amounts</u> | <u>Values</u> |
| Categorized Investments | | | | | |
| Repurchase Agreements | | \$221,918 | | \$ 221,918 | \$ 221,918 |
| Non-categorized investments | | | | | |
| State Treasurers Investment Pool | | | | <u>8,372,832</u> | <u>8,372,832</u> |
| Total Investments | | | | \$ <u>8,594,750</u> | \$ <u>8,594,750</u> |

The District had investments of \$8,372,832 in the State Treasury Asset Reserve of Ohio (STAROhio). STAROhio is an investment pool managed by the State Treasurers Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 1999.

The reconciliation between the classifications of pooled cash and cash equivalents and investments on the combined Balance Sheet and the classification of deposits and investments presented above per GASB Statement No. 3 is as follows:

| | | <u>Pooled Cash and Cash</u> | | <u>Investments</u> |
|------------------------------------|----|-----------------------------|----|--------------------|
| | | <u>Equivalents</u> | | |
| Combined Balance Sheet (GASB No.9) | \$ | 8,445,848 | \$ | 0 |
| Reclassifications: | | | | |
| Repurchase Agreements | | (221,918) | | 221,918 |
| Star Ohio | | <u>(8,372,832)</u> | | <u>8,372,832</u> |
| Per GASB Statement 3 | \$ | <u>(148,902)</u> | \$ | <u>8,594,750</u> |

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(5) Equity in Pooled Cash and Investments (continued)

Ohio Revised Code Chapter 135, Uniform Depository Act, authorizes pledging of pooled securities in lieu of pledging specific securities. Specifically, a designated public depository may pledge a single pool of eligible securities to secure repayment of all public monies deposited in the financial institution, provided that at all times the total value of the securities so pledged is at least equal to 110% of the total amount of all public deposits secured by the pool, including the portion of such deposits covered by any federal deposit insurance.

(6) Inter-fund Assets/Liabilities

There were no Inter-fund Receivables/Payables at June 30, 1999.

(7) Property Taxes

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal (used in business) property located in the School District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with real property taxes. Assessed values for real property taxes are established by State law at 35 percent of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed on tangible personal property at 35 percent of true value. Tangible personal property assessments are 25 percent of true value.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable June 20. Under certain circumstances, State statute permits alternate payment dates to be established.

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

The School District receives property taxes from Portage County. The Portage County Auditor periodically advances to the School District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 1999 operations. The amount available to be advanced can vary based on the date the tax bills are sent. Final "settlements" are made each February and August.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(7) Property Taxes (continued)

The assessed values upon which fiscal year 1999 taxes were collected are:

| | <u>1998 Second-Half Collections Amount</u> | <u>1999 First-Half Collections Amount</u> |
|--|--|---|
| Real Property | | |
| Agricultural/Residential (57.1%) | \$ 738,101 | \$ 1,066,037 |
| Commercial/Industrial (9.8%) | 127,471 | 183,148 |
| Public Utilities (16.7%) | 231,058 | 297,504 |
| Personal Property | | |
| General (16.4%) | <u>476,723</u> | <u>40,803</u> |
| Total Tax Receipts | \$ <u>1,573,353</u> | \$ <u>1,587,492</u> |
| Total Assessed Value | \$ 100,728,319 | \$ 104,715,537 |
| Tax Rate per \$1,000 of Assessed Valuation | 61.30 | 65.92 |

(8) Receivables

Receivables at June 30, 1999 consisted of taxes, accounts (student fees), 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 year guarantee of Federal funds.

A summary of the principal items of receivables follows. For Intergovernmental Revenues only, the portion of receivables collected in the "available period" are recorded in the financial records.

| | <u>Amount</u> |
|-----------------------------------|---------------------|
| <u>General Fund</u> | |
| Taxes - Current & Delinquent | \$ 3,047,439 |
| Accounts | 7,329 |
| Total General Fund | 3,054,768 |
| <u>Debt Service Fund Type</u> | |
| Taxes - Current & Delinquent | <u>477,770</u> |
| Grand Total | \$ <u>3,532,538</u> |

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(9) Property, Plant, and Equipment

A summary of the changes in the General Fixed Asset Account Group during the fiscal year follows:

| | Balance July 1, 1998 | Increases | Decreases | Balance June 30, 1999 |
|------------------------------------|-------------------------|--------------------|------------------|--------------------------|
| Land & Improvements | \$376,097 | | | \$376,097 |
| Buildings & Improvements | 2,408,762 | 573,068 | | 2,981,830 |
| Furniture, Fixtures & Equipment | 1,363,602 | 225,701 | 41,334 | 1,547,969 |
| Vehicles & Other | <u>664,635</u> | <u>245,491</u> | <u>68,392</u> | <u>841,734</u> |
| Total | <u>\$4,813,096</u> | <u>\$1,044,260</u> | <u>\$109,726</u> | <u>\$5,747,630</u> |

A summary of the Proprietary Fund fixed assets as of June 30, 1999 follows:

| | |
|-----------------------------------|-------------------|
| Property, Plant, and Equipment | \$ 131,493 |
| less Accumulated Depreciation | <u>(107,952)</u> |
| Net Fixed Assets-Proprietary Fund | <u>\$ 23,541</u> |

(10) Short and Long Term Debt

As of June 30, 1999, the District had no outstanding short term obligations. During fiscal year 1999, the District sold and retired \$6,900,000 of Bond Anticipation Notes. The proceeds were placed in the Building Project Fund.

All current obligation bonds outstanding, issued to provide funds for the acquisition and construction of equipment and facilities, are general obligations of the District for which the full faith and credit of the District is pledged for repayment. Accordingly, such unmatured obligations of the District are accounted for in the General Long Term Obligation Account Group. Payments of principal and interest relating to these liabilities are recorded as expenditures in the Debt Service Fund. The sources of payment are derived from a current .20 mill bonded debt tax levy on inside millage and a 4.62 mill voted bonded debt tax levy on outside millage.

A. The following is a description of the District debt transactions for the year ended June 30, 1999:

| | Balance 6/30/1998 | Issued 1999 | Retired 1999 | Balance 6/30/1999 |
|--|----------------------|----------------|-----------------|----------------------|
| Ten Year Note Issue – 6.75% Issued 11/1/90, Matures 12/1/00 | \$79,500 | -0- | \$26,500 | \$53,000 |
| School Improvement Notes – 3.375% Issued 12/17/98, Matures 6/1/99 | -0- | \$6,900,000 | \$6,900,000 | -0- |
| School Improvement Bonds – | | | | |
| 3.25% Issued 3/1/99, Matures 12/1/00 | -0- | \$180,000 | -0- | \$180,000 |
| 3.50% Issued 3/1/99, Matures 12/1/01 | -0- | \$185,000 | -0- | \$185,000 |
| 3.70% Issued 3/1/99, Matures 12/1/02 | -0- | \$190,000 | -0- | \$190,000 |
| 3.80% Issued 3/1/99, Matures 12/1/03 | -0- | \$200,000 | -0- | \$200,000 |
| 3.90% Issued 3/1/99, Matures 12/1/04 | -0- | \$205,000 | -0- | \$205,000 |
| 3.95% Issued 3/1/99, Matures 12/1/05 | -0- | \$215,000 | -0- | \$215,000 |
| 12.902% Issued 3/18/99, Matures 12/1/06 | -0- | \$85,885 | -0- | \$85,885 |
| 12.902% Issued 3/18/99, Matures 12/1/07 | -0- | \$74,107 | -0- | \$74,107 |
| 4.25% Issued 3/1/99, Matures 12/1/08 | -0- | \$225,000 | -0- | \$225,000 |
| 4.25% Issued 3/1/99, Matures 12/1/09 | -0- | \$235,000 | -0- | \$235,000 |

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

| | Balance 6/30/1998 | Issued 1999 | Retired 1999 | Balance 6/30/1999 |
|--------------------------------------|------------------------------|----------------------------|---------------------------|------------------------------|
| 4.35% Issued 3/1/99, Matures 12/1/10 | -0- | \$245,000 | -0- | \$245,000 |
| 4.45% Issued 3/1/99, Matures 12/1/11 | -0- | \$255,000 | -0- | \$255,000 |
| 4.50% Issued 3/1/99, Matures 12/1/12 | -0- | \$265,000 | -0- | \$265,000 |
| 4.60% Issued 3/1/99, Matures 12/1/13 | -0- | \$275,000 | -0- | \$275,000 |
| 4.70% Issued 3/1/99, Matures 12/1/14 | -0- | \$290,000 | -0- | \$290,000 |
| 4.75% Issued 3/1/99, Matures 12/1/15 | -0- | \$300,000 | -0- | \$300,000 |
| 4.80% Issued 3/1/99, Matures 12/1/16 | -0- | \$315,000 | -0- | \$315,000 |
| 4.85% Issued 3/1/99, Matures 12/1/17 | -0- | \$330,000 | -0- | \$330,000 |
| 4.90% Issued 3/1/99, Matures 12/1/18 | -0- | \$350,000 | -0- | \$350,000 |
| 4.90% Issued 3/1/99, Matures 12/1/19 | -0- | \$365,000 | -0- | \$365,000 |
| 5.00% Issued 3/1/99, Matures 12/1/24 | -0- | <u>\$2,115,000</u> | -0- | <u>\$2,115,000</u> |
| TOTALS | <u>\$79,500</u> | <u>\$13,799,992</u> | <u>\$6,926,500</u> | <u>\$6,952,992</u> |

B. The following is a summary of the Districts future annual debt service requirements to maturity for general obligation debt:

| Year Ending June 30 | Principal on General Obligation Debt | Interest on General Obligation Debt | Total |
|--------------------------------|---|--|----------------------------|
| 2000 | \$ 26,500 | \$389,386 | \$415,886 |
| 2001 | \$206,500 | \$307,332 | \$513,832 |
| 2002 | \$185,000 | \$300,275 | \$485,275 |
| 2003 | \$190,000 | \$293,523 | \$483,523 |
| 2004 | \$200,000 | \$286,207 | \$486,207 |
| 2005 | \$205,000 | \$278,410 | \$483,410 |
| 2006 | \$215,000 | \$270,166 | \$485,166 |
| 2007 | \$ 85,884 | \$405,035 | \$490,920 |
| 2008 | \$ 74,107 | \$411,813 | \$485,920 |
| 2009 | \$225,000 | \$261,139 | \$486,139 |
| 2010 | \$235,000 | \$251,364 | \$486,364 |
| 2011 | \$245,000 | \$241,041 | \$486,041 |
| 2012 | \$255,000 | \$230,039 | \$485,039 |
| 2013 | \$265,000 | \$218,403 | \$483,403 |
| 2014 | \$275,000 | \$206,115 | \$481,115 |
| 2015 | \$290,000 | \$192,975 | \$482,975 |
| 2016 | \$300,000 | \$179,035 | \$479,035 |
| 2017 | \$315,000 | \$164,350 | \$479,350 |
| 2018 | \$330,000 | \$148,787 | \$478,787 |
| 2019 | \$350,000 | \$132,210 | \$482,210 |
| 2020 | \$365,000 | \$114,693 | \$479,693 |
| 2021 | \$385,000 | \$ 96,125 | \$481,125 |
| 2022 | \$400,000 | \$ 76,500 | \$476,500 |
| 2023 | \$420,000 | \$ 56,000 | \$476,000 |
| 2024 | \$445,000 | \$ 34,375 | \$479,375 |
| 2025 | <u>\$465,000</u> | <u>\$ 11,625</u> | <u>\$476,625</u> |
| TOTALS | <u>\$6,952,992</u> | <u>\$5,556,993</u> | <u>\$12,509,915</u> |

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(10) Short and Long Term Debt (continued)

C. During the year ended June 30, 1999, the following changes occurred in liabilities reported in the General Long Term Obligation Account Group. Compensated absences will be paid from the fund from which the employee is paid:

| | Balance July 1, 1998 | Increase | Decrease | Balance June 30, 1999 |
|-----------------------------|-------------------------|--------------|-----------|--------------------------|
| Compensated Absences | \$ 496,863 | \$ 68,887 | \$ 0 | \$ 568,605 |
| Pension Obligation Benefits | \$ 67,270 | \$ 789 | \$ 0 | \$ 68,059 |
| General Obligation Bonds | \$ 79,500 | \$ 6,899,992 | \$ 26,500 | \$ 6,952,992 |

D. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District.

The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$9,424,398 and an unvoted debt margin of \$104,716.

(11) Segment Information - Enterprise Funds

The District maintains two enterprise funds to account for the operations of Food Services and Uniform School Supplies. Selected segment information for the year ended June 30, 1999 is as follows:

| | <u>Food Service</u> | <u>Uniform School Supplies</u> | <u>Total</u> |
|-----------------------------|---------------------|------------------------------------|--------------|
| Operating Revenue | \$ 238,422 | \$ 21,953 | \$ 260,375 |
| Depreciation Expense | 1,402 | 0 | 1,402 |
| Operating Income (Loss) | (157,490) | (2,663) | (160,153) |
| Operating Grants | 137,186 | 0 | 137,186 |
| Operating Transfer In (Out) | 0 | 187 | 187 |
| Net income (Loss) | (19,675) | (2,476) | (22,151) |
| Net Working Capital | 1,472 | 2,373 | 3,845 |
| Total Assets | 85,635 | 2,373 | 88,008 |
| Total Liabilities | 84,163 | 0 | 84,163 |
| Total Equity | 1,472 | 2,373 | 3,845 |

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(12) Defined Benefit Pension Plans

A School Employees Retirement System

The James A. Garfield School District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3309 of the Ohio Revised Code. State Employees Retirement System issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to The School Employees Retirement System, 45 N. Fourth Street, Columbus, Ohio 43215 or by calling (614) 222-5853.

Plan members are required to contribute 9 % of their annual covered salary and the James A. Garfield Local School District is required to contribute at an actuarially determined rate. The current rate is 14% of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended to statutory maximum amounts, by the SERS Retirement Board. The School District's contributions for the years ended June 30, 1999, 1998, 1997, 1996, and 1995 were \$174,276, \$160,794, \$151,479, \$140,189, and \$128,628 respectively, equal to the required contributions for each year; 48.39 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998, 1997 and 1996. \$89,952 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term debt account group.

B. State Teachers Retirement System

The James A. Garfield Local School District participates in 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 is a statewide retirement plan for certified teachers and other faculty members employed in the public schools of Ohio or any school, college, university, institution, or other agency wholly controlled, managed, and supported in whole, or in part, by the state or any political subdivision thereof. Any member who has (i) five years of service credit and attained age 60, (ii) 25 years of service credit and attained age 55, or (iii) 30 years of service credit regardless of age may retire. The maximum annual retirement allowance, payable for life, is the greater of the "formula benefit" or the "money-purchase benefit" calculation. Under the "formula benefit," the retirement allowance is based on years of credited service and final average salary, which is the average of the member's three highest years' salaries. The annual allowance is calculated by using a base percentage of 2.1% multiplied by the total number of years of service credit (including Ohio-valued purchased credit) times the final average salary. The 31st year of earned Ohio service credit is calculated at 2.5%. An additional one-tenth of a percent is added to the calculation for every year of earned Ohio service over 31 years (2.6% for 32 years, 2.7% for 33 years and so on) until 100% of final average salary is reached.

Under the "money-purchase benefit" calculation, a member's lifetime contributions plus interest at specified rates are matched by an equal amount from other STRS funds. This total is then divided by an actuarially determined annuity factor to determine the maximum annual retirement allowance.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(12) Defined Benefit Pension Plans (continued)

The retiree of STRS or other Ohio public retirement is eligible for re-employment as a teacher following the elapse of two months from the date of retirement. Contributions are made by the re-employed member and employer during the re-employment. Upon termination of re-employment or age 65, whichever comes later, the retiree is eligible for a money-purchase benefit or a lump-sum payment in addition to the original retirement allowance.

Retirement benefits are annually increased by the greater of the amount of the change in the Consumer Price Index (CPI) or the cumulative CPI increases since retirement, less previous cost-of-living increases, up to a maximum of 3% of the original base benefit. The plan offers comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physicians' fees, prescription drugs and partial reimbursement of monthly Medicare premiums.

A member with five or more years' credited service who becomes disabled is entitled to a disability benefit. Survivor benefits are available to eligible spouses and dependents of active members who died before retirement. A death benefit of \$1,000 is payable to the beneficiary of each deceased retired member. Additional death benefit coverage of \$1,000 or \$2,000 can be purchased. Various other benefits are available to members salaries.

Benefits are established by Chapter 3307, Revised Code.

Chapter 3307 of the Revised Code provides statutory authority for member and employer contributions. Contribution rates are established by the State Teachers Retirement Board, upon recommendations of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers.

Contribution requirements and the contributions actually made for the fiscal year ended June 30, 1999, were 9.3% of covered payroll for members and 14% for employers. The James A. Garfield Local School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, 1997, 1996, and 1995 were \$565,294, \$545,246, \$488,547, \$464,929, and \$449,940 respectively; 83.82 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998, 1997, 1996 and 1995. \$91,468 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

STRS issues a stand-alone financial report. Copies of STRS' 1999 Comprehensive Annual Financial Report will be available after January 1, 2000, and can be requested by writing to STRS, 275 E. Broad St., Columbus, Ohio 43215-3371, or by calling (614) 227-4090.

(13) Post-Employment Benefits

A. School Employees Retirement System

The Ohio Revised Code gives SERS the discretionary authority to provide post-retirement health care to retirees and their dependents. Coverage is made available to service retirees with ten or more years of qualifying service credit, disability and survivor benefit recipients. Members retiring on or after August 1, 1989 with less than twenty-five years of service credit must pay a portion of their premium for health care. The portion is based on years of service up to a maximum of 75% of the premium.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(13) Post-Employment Benefits (Continued)

After the allocation for basic benefits, the remainder of the employer's 14% contribution is allocated to providing health care benefits. At June 30, 1999, the allocation rate is 4.98%. In addition, SERS levies a surcharge to fund health care benefits equal to 14% 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 as \$12,400. The surcharge rate, added to the unallocated portion of the 14% employer contribution rate provides for maintenance of the asset target level for the health care fund.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1999 were \$111,900,575 and the target level was \$139.9 million. At June 30, 1999, 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.

The portion of employer contributions that were used to fund post-employment benefits can be determined by multiplying actual employer contributions times .3557, then adding the surcharge due as of June 30, 1999, as certified to the District by SERS.

B. State Teachers Retirement System

The State Teachers Retirement System (STRS) provides comprehensive health care benefits to retirees and their dependents. Coverage includes hospitalization, physician fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipient and sponsored dependents are eligible for health care coverage. Pursuant to the Revised Code (RC), the State Teachers Retirement Board (the board) has discretionary 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.

The Revised Code grants authority to STRS to provide health care coverage to benefit recipients, spouses and dependents. By Ohio law, the cost of the coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll.

The Retirement Board allocates employer contributions equal to 2% of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. However, for the fiscal year ended June 30, 1999, the board allocated employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund.

The balance in the Health Care Reserve Fund was \$2,156 million on June 30, 1998. The Health Care Reserve Fund allocation for the year ended June 30, 1999, will be 8% of covered payroll.

For the year ended June 30, 1998 the net health care costs paid by STRS were \$219,224,000. There were 91,999 eligible benefit recipients.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(14) Employee Benefits

Special Termination Benefit Payable

The James A. Garfield Board of Education approved a three year contract with their certified staff on June 30, 1997. This contract covers the period of July 1, 1997 through June 30, 2000. Active certified employees who have at least ten years of continuous full-time service with the James A. Garfield School District and are eligible by STRS standards to retire can elect to retire by July 1 and receive a \$15,000 bonus payable by January 31 of the calendar year following retirement. Those employees who choose not to retire the year they reach eligibility for retirement will later be ineligible to receive the \$15,000 bonus. Notification of retirement must be submitted no later than April 1 of the year of retirement or the employee will become ineligible for the bonus. The District had four certified employees elect to retire on July 1, 1998 and one employee who retired on December 1, 1998. Each of those employees received \$15,000 by January 31 in the calendar year 1999. No certified employees elected to retire on July 1, 1999.

The James A. Garfield Board of Education approved a three year contract with their classified staff on January 22, 1998. This contract covers the period of January 1, 1998 through June 30, 2000. Active classified employees who have at least ten years of continuous full-time service with the James A. Garfield School District and are eligible by SERS standards to retire can elect to retire by July 1 and receive a bonus of one third of their last year's pay payable by January 31 of the calendar year following retirement. Those employees who choose not to retire the year they achieve thirty years service credit for retirement purposes will later be ineligible to receive the bonus. Notification of retirement must be submitted no later than April 1 of the year of retirement.

The District had one employee elect to retire on March 1, 1998 and one employee elect to retire on August 1, 1998. Each of those employees received one third of their last year's pay by January 31 in the calendar year 1999. No classified employees elected to retire by April 1, 1999.

(15) Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balance on the basis of generally accepted accounting principals (GAAP), the budgetary basis as provided by law is based upon accounting for certain transactions on a basis of cash receipts and disbursements.

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual (Budget Basis) - All Governmental Fund Types and Similar Trust Funds is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis 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 paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis).

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(15) Budgetary Basis of Accounting (continued)

The adjustments necessary to convert the results of operations for the year on the budget basis to the GAAP basis for governmental funds are as follows:

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

| | <u>General Fund</u> | <u>Special Revenue Funds</u> | <u>Debt Service Fund</u> | <u>Capital Projects Fund</u> |
|--|-------------------------|--------------------------------------|----------------------------------|--------------------------------------|
| Budget Basis | \$ (257,232) | \$ (8,008) | \$ 149,594 | \$ 5,190,250 |
| Net Adjustment for Revenue Accruals | 131,513 | 462 | 54,917 | 0 |
| Net Adjustment for Expenditure Accruals | 5,385 | (16,489) | 0 | 44,023 |
| Net Adjustment for Other Sources / (Uses) | (19,701) | 14,623 | 0 | 5,183 |
| Adjustment for Encumbrances | <u>157,678</u> | <u>22,721</u> | <u>0</u> | <u>1,170,430</u> |
| GAAP Basis | \$ <u>17,643</u> | \$ <u>13,309</u> | \$ <u>204,511</u> | \$ <u>6,409,886</u> |

(16) Risk Management

Portage Area School Consortium - Property/Casualty Pool

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; error and omissions; injuries to employees; and natural disasters. The District has joined together with other school districts in the State to form the Portage Area Schools Consortium Property Casualty Pool, a public entity risk pool currently operating as a common risk management and insurance program for nine member school districts. In 1999, the District paid an annual premium of \$13,160 for its property and fleet insurance. The Districts property and fleet insurance liability limit is \$20,532,900.

The District carries liability coverage through Nationwide Ohio School District Liability Insurance. The limits for liability coverage is \$1,000,000 each occurrence and \$5,000,000 aggregate. Employee benefits liability coverage is included in the Districts liability coverage with same basic policy limits.

The Districts umbrella policy has a liability limit of \$2,000,000.

Portage Area Schools Consortium - Administrative Services

The District has joined together with nine other school districts in Portage County to form the Portage Area Schools Consortium, an agreement by and between the group of nine schools and Benefit Services, Inc., a third party administrator. The public entity risk pool operates as a common risk management and insurance program for the member school districts. The Districts pay a premium to the Portage Area Schools Consortium for its medical, dental, life, and prescriptions.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(16) Risk Management (Continued)

The health and dental plan are administered by Benefit Services, Inc. Under this plan, the Districts are responsible for paying claims out of its reserve up to \$100,000 per individual per year for a total aggregate of \$11,041,682. The Districts' stop-loss carrier is The AIG Life Insurance Company.

The District's life insurance coverage is provided by Anthem Life Insurance Company.

Settled claims resulting from these risks have not exceeded the commercial insurance coverage in any of the past three fiscal years.

OSBA Group Rating Program

The School District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The Group Rating Program'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. 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 School District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium 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' selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Gates McDonald Health Plus, Inc. serves as the District's managed care organization (MCO).

(17) Jointly Governed Organizations

Stark/Portage Area Computer Consortium (SPARCC)

The District is a participant with other school districts in a joint venture to operate the Stark/Portage Area Computer Consortium (SPARCC). SPARCC was formed for the purpose of providing computer services to the member school districts. SPARCC is governed by a board of directors consisting of the superintendent of the member school districts. Members of SPARCC are assessed annual user fees and periodic capital improvement fees based on their average daily membership. The degree of control exercised by any participating school district is limited to its representation on the board. In accordance with the joint venture agreement, the District remitted \$21,389 to SPARCC in fiscal year 1999.

Portage Area Schools Consortium

The District is a participant with other school districts in Portage County to form the Portage Area Schools Consortium. The Portage Area Schools Consortium was established for the purpose of promoting cooperative agreements and activities among it's nine members and any other future members in dealing with problems of mutual concern. Present agreements are 1.) Agreement Regarding Health Care Benefits Program/Health & Welfare Trust, and 2.) Agreement Regarding the Property and Casualty Insurance Program.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(17) Jointly Governed Organizations (Continued)

The Portage Area School Consortium is governed by a Council of Governments consisting of the superintendent of each of the member school districts. The degree of control exercised by any member school district is limited to its representation on the council of governments. Members of the Health & Welfare Trust are charged a monthly premium for each of the types of insurance they purchase through the consortium. Premiums are determined by the council of governments and based upon estimated program costs. The District carried its medical, dental, prescription, life and cobra insurance through the Health & Welfare Trust and remitted \$668,502.48 in fiscal year 1999. Members of the Property & Casualty Insurance Program are charged an annual premium based on estimated program costs. The district purchased property insurance and fleet insurance and remitted \$6,743 and \$6,513 in fiscal year 1999.

Maplewood Area Joint Vocational School

The vocational school district is also a jointly governed organization. The Board of Education for the vocational school is comprised of representatives from each board of education of the member school districts. Maplewood Area Joint Vocational School is responsible for approving its own budget, appointing personnel, and accounting and finance related activities. The District's students may attend the vocational school as high school curricular choice. Maplewood Area Joint Vocational School receives 4.0 outside mills adjusted from the taxpayers of the James A. Garfield School District for its operation.

(18) Contingent Liabilities

Grants

The District receives significant financial assistance from numerous federal, state and local 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 effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 1999.

(19) State School Funding Decision

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 \$4,442,948.68 of school foundation support for its general fund, and \$4,490,980.17 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. As of the date of these statements, The Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

**Notes to the General Purpose Financial Statements
June 30, 1999 (continued)**

(19) State School Funding Decision (Continued)

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

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

| | CFDA Number | Pass-Through Grantor Number | Receipts | Non-Cash Receipts | Disburse- ments | Non-Cash Disburse- ments |
|--|----------------|-----------------------------------|-------------------|----------------------|--------------------|--------------------------------|
| U.S. DEPARTMENT OF AGRICULTURE | | | | | | |
| <i>Passed Through the Ohio Department of Education:</i> | | | | | | |
| <i>Nutrition Cluster</i> | | | | | | |
| School Commodity Distribution | 10.550 | Unknown | \$ 0 | \$ 36,683 | \$ 0 | \$ 36,483 |
| National School Lunch Program | 10.555 | 03-PU / 04-PU | 82,202 | 0 | 82,202 | 0 |
| School Breakfast Program | 10.553 | 05-PU | 13,291 | 0 | 13,291 | 0 |
| Total U.S. Department of Agriculture - t - Nutrition Cluster | | | 95,493 | 36,683 | 95,493 | 36,483 |
| U.S. DEPARTMENT OF EDUCATION | | | | | | |
| <i>Passed Through the Ohio Department of Education:</i> | | | | | | |
| Title I - Educationally Deprived Children | 84.010 | C1-S1 98 | 60,837 | 0 | 50,536 | 0 |
| | | C1-S1 99 | 98,955 | 0 | 90,704 | 0 |
| Total Title I | | | 159,792 | 0 | 141,240 | 0 |
| <i>Special Education Cluster</i> | | | | | | |
| Title VI-B - Special Education Assistance for Education of Handicapped Children | 84.027 | 6B-SF 98 P | (79) | 0 | 5,550 | 0 |
| | | 6B-SF 99 P | 60,820 | 0 | 52,271 | 0 |
| Total VI-B | | | 60,741 | 0 | 57,821 | 0 |
| <i>Passed Through the Ohio Department of Education to the Portage County Educational Service Center on behalf of James A. Garfield Local School District</i> | | | | | | |
| Pre-School Grant of Portage County Educational Service Center | 84.173 | PG-S1 99 P | 4,056 | 0 | 4,056 | 0 |
| Total Special Education Cluster | | | 64,797 | 0 | 61,877 | 0 |
| Innovative Education Program Strategy | 84.298 | C2-S1 98 | 0 | 0 | 843 | 0 |
| | | C2-S1 99 | 5,471 | 0 | 5,280 | 0 |
| Total Innovative Education Program Strategy | | | 5,471 | 0 | 6,123 | 0 |
| Drug Free Schools | 84.186 | DR-S1 98 | 0 | 0 | 446 | 0 |
| | | DR-S1 99 | 7,731 | 0 | 5,764 | 0 |
| Total Drug Free Schools Grants | | | 7,731 | 0 | 6,210 | 0 |
| <i>Passed Through the Ohio Department of Education to the Portage County Educational Service Center on behalf of the James A. Garfield Local School District</i> | | | | | | |
| Dwight D. Eisenhower Professional Development Program - Math & Science | 84.164 | MS-S1 99 | 6,750 | 0 | 6,750 | 0 |
| Total U.S. Department of Education | | | 244,541 | 0 | 222,200 | 0 |
| Total Federal Assistance | | | \$ 340,034 | \$ 36,683 | \$ 317,693 | \$ 36,483 |

See Accompanying Notes to the Schedule of Federal Awards Expenditures

NOTES TO THE 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

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

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

James A. Garfield Local School District
Portage County
8233 Park Avenue
Garrettsville, Ohio 44231

To the Board of Education:

We have audited the financial statements of James A. Garfield Local School District, Portage County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated December 9, 1999. 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 no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

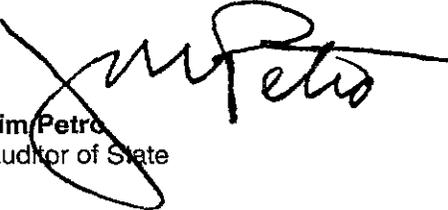
Internal Control Over Financial Reporting

In planning and performing our audit, we considered 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 a matter involving the internal control over financial reporting that did not require inclusion in this report, that we have reported to management of James A. Garfield Local School District in a separate letter dated December 9, 1999.

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



Jim Petro
Auditor of State

December 9, 1999



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

James A. Garfield Local School District
Portage County
8233 Park Avenue
Garrettsville, Ohio 44231

To the Board of Education:

Compliance

We have audited the compliance of James A. Garfield Local School District, Portage County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to 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 operations that we consider to be material weaknesses.

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



Handwritten signature of Jim Petro in black ink, written over the printed name and title.

Jim Petro
Auditor of State

December 9, 1999

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

1. SUMMARY OF AUDITOR'S RESULTS

| | | |
|--------------|--|---|
| (d)(1)(i) | Type of Financial Statement Opinion | Unqualified |
| (d)(1)(ii) | Were there any material control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(ii) | Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)? | No |
| (d)(1)(iii) | Was there any reported non-compliance at the financial statement level (GAGAS)? | No |
| (d)(1)(iv) | Were there any material internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(iv) | Were there any other reportable internal control weakness conditions reported for major federal programs? | No |
| (d)(1)(v) | Type of Major Programs' Compliance Opinion | Unqualified |
| (d)(1)(vi) | Are there any reportable findings under §.510? | No |
| (d)(1)(vii) | Major Programs (list): | Title 1 - Educationally Deprived Children #84.010 |
| (d)(1)(viii) | Dollar Threshold: Type A/B Programs | Type A: >\$300,000 Type B: all others |
| (d)(1)(ix) | Low Risk Auditee? | Yes |

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

None

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

JAMES A. GARFIELD LOCAL SCHOOL DISTRICT
PORTAGE COUNTY

CLERK'S CERTIFICATION

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

By: *Susan Babbitt*
Clerk of the Bureau

Date: APR 20 2000