

**ASHTABULA AREA CITY SCHOOL DISTRICT**

**GENERAL-PURPOSE FINANCIAL STATEMENTS  
AND  
AUDIT REPORTS**

**FOR THE YEAR JULY 1, 1998  
THROUGH  
JUNE 30, 1999**

**SNODGRASS**  
Certified Public Accountants and Consultants

**1111**  
**2000**

*Ashtabula Area City School District*  
*General-Purpose Financial Statements and Audit Reports*  
*For the Year Ended June 30, 1999*

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**STATE OF OHIO**  
**OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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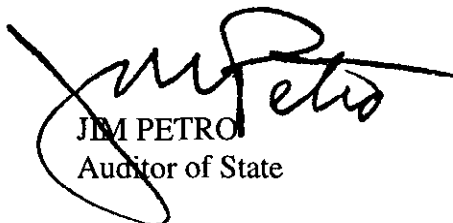
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Board of Education  
Ashtabula Area City School District  
Ashtabula, Ohio

We have reviewed the Independent Auditor's Report of the Ashtabula Area City School District, Ashtabula County, prepared by S.R. Snodgrass, A.C., for the audit period July 1, 1998 to June 30, 1999. Based upon this review, we have accepted these reports in lieu of the audit required by Section 117.11, Revised Code. The Auditor of State did not audit the accompanying financial statements and, accordingly, we are unable to express, and do not express an opinion on them.

Our review was made in reference to the applicable sections of legislative criteria, as reflected by the Ohio Constitution, and the Revised Code, policies, procedures and guidelines of the Auditor of State, regulations and grant requirements. The Ashtabula Area City School District is responsible for compliance with these laws and regulations.

  
JIM PETRO  
Auditor of State

March 3, 2000

## INDEPENDENT AUDITOR'S REPORT

Board of Education  
Ashtabula Area City School District  
Ashtabula, Ohio

We have audited the accompanying general-purpose financial statements of Ashtabula Area City School District (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 general-purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the general-purpose financial statements. An audit also includes assessing the accounting principles used and the significant estimates made by management, as well as evaluating the overall general-purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated January 5, 2000 on our consideration of Ashtabula Area City School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

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

*S. R. Snodgrass, A. C.*

Ashtabula, Ohio  
January 5, 2000

**Ashtabula Area City School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups**  
**June 30, 1999**

	Governmental Fund Types				Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals 1999
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
Assets and Other Debits:										
Equity in Pooled Cash and Investments	\$ 1,293,820	1,611,847	1,301	876,065	13,867	1,457,173	97,286	0	0	\$ 5,351,359
Cash - Restricted	325,996	0	0	0	0	0	0	0	0	325,996
Taxes Receivable	8,175,363	0	0	562,023	0	0	0	0	0	8,737,386
Interfund Receivables	268,910	0	0	0	0	0	0	0	0	268,910
Intergovernmental Receivables	877,169	228,303	0	0	147,819	0	0	0	0	1,253,291
Accounts Receivable	5,440	38,505	0	0	250	138	0	0	0	44,333
Supply Inventory	97,609	0	0	0	4,151	0	0	0	0	101,760
Inventory for Resale	0	0	0	0	32,789	0	0	0	0	32,789
Property, Plant & Equipment	0	0	0	0	433,873	0	0	15,871,144	0	16,305,017
Accumulated Depreciation, Where Applicable	0	0	0	0	(180,374)	0	0	0	0	(180,374)
Amount Available in Debt Service Fund	0	0	0	0	0	0	0	0	0	0
Amount to be Provided for Retirement of										
General Long Term Debt	0	0	0	0	0	0	0	0	3,074,279	3,074,279
<b>Total Assets and Other Debits</b>	<b>\$ 11,044,307</b>	<b>1,878,655</b>	<b>1,301</b>	<b>1,438,088</b>	<b>452,375</b>	<b>1,457,311</b>	<b>97,286</b>	<b>15,871,144</b>	<b>3,074,279</b>	<b>\$ 35,314,746</b>

(Continued)

**Ashtabula Area City School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups - Continued**  
**June 30, 1999**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary Fund Type	Account Groups		Totals 1999	
	General	Special Revenue	Debt Service	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term	(Memorandum) (Only)
<b>Liabilities:</b>										
Interfund Payables	\$ 0	15,800	0	46,800	206,310	0	0	0	0	\$ 268,910
Intergovernmental Payables	1,293,446	56,701	0	0	4,193	0	0	0	213,302	1,567,642
Accounts Payable	285,150	50,256	0	71,443	1,001	1,103	1,868	0	0	410,821
Claims Payable	0	0	0	0	0	553,852	0	0	0	553,852
Accrued Salaries and Benefits	2,291,957	373,880	0	0	10,404	0	0	0	0	2,676,241
Deferred Revenue	5,477,790	0	0	381,281	22,761	0	0	0	0	5,881,832
Due to Others	0	0	0	0	0	0	43,514	0	0	43,514
Notes Payable	0	0	0	0	0	0	0	0	729,000	729,000
Compensated Absences Payable	119,925	21,003	0	0	16,096	0	0	0	2,104,724	2,261,748
Early Retirement Incentive	0	0	0	0	0	0	0	0	27,253	27,253
<b>Total Liabilities</b>	<b>9,468,268</b>	<b>517,640</b>	<b>0</b>	<b>499,524</b>	<b>260,765</b>	<b>554,955</b>	<b>45,382</b>	<b>0</b>	<b>3,074,279</b>	<b>14,420,813</b>
<b>Fund Equity and Other Credits:</b>										
Investment in General Fixed Assets	0	0	0	0	0	0	0	15,871,144	0	15,871,144
Contributed Capital	0	0	0	0	31,736	0	0	0	0	31,736
Retained Earnings	0	0	0	0	159,874	902,356	1,476	0	0	1,063,706
<b>Fund Balances:</b>										
Reserved for Endowment	0	0	0	0	0	0	30,000	0	0	30,000
Reserved for HB 412	325,996	0	0	0	0	0	0	0	0	325,996
Reserved for Supply Inventory	97,609	0	0	0	0	0	0	0	0	97,609
Reserved for Encumbrances	220,910	112,609	0	54,627	0	0	0	0	0	388,146
Reserved for Future Appropriation	2,697,573	0	0	180,742	0	0	0	0	0	2,878,315
Unreserved Fund Balance	(1,766,049)	1,248,406	1,301	703,195	0	0	20,428	0	0	207,281
<b>Total Fund Balances</b>	<b>1,576,039</b>	<b>1,361,015</b>	<b>1,301</b>	<b>938,564</b>	<b>0</b>	<b>0</b>	<b>50,428</b>	<b>0</b>	<b>0</b>	<b>3,927,347</b>
<b>Total Fund Balances/Retained Earnings and Other</b>	<b>1,576,039</b>	<b>1,361,015</b>	<b>1,301</b>	<b>938,564</b>	<b>191,610</b>	<b>902,356</b>	<b>51,904</b>	<b>15,871,144</b>	<b>0</b>	<b>20,893,933</b>
<b>Total Liabilities, Fund Equity, and Other Credits</b>	<b>\$ 11,044,307</b>	<b>1,878,655</b>	<b>1,301</b>	<b>1,438,088</b>	<b>452,375</b>	<b>1,457,311</b>	<b>97,286</b>	<b>15,871,144</b>	<b>3,074,279</b>	<b>\$ 35,314,746</b>

See Accompanying Notes to the General Purpose Financial Statement

Ashtabula Area City School District

Combined Statement of Revenue, Expenditures and Changes in Fund Balances

All Governmental Fund Types and Expendable Trust Funds

For the Fiscal Year Ended June 30, 1999

	Governmental Fund Types			Capital Project	Fiduciary	Totals (Memorandum (Only))
	General	Special Revenue	Debt Service		Expendable Trust	
<b>REVENUES:</b>						
Revenue from Local Sources:						
Taxes	\$ 8,107,802	0	138,000	577,893	0	\$ 8,823,695
Tuition	145,048	0	0	0	0	145,048
Transportation Fees	100,114	0	0	0	0	100,114
Earnings on Investments	327,340	4,225	0	0	158	331,723
Extracurricular Activities	0	262,884	0	0	0	262,884
Classroom Materials & Fees	0	1,332	0	0	0	1,332
Miscellaneous	26,868	53,047	0	0	9,275	89,190
Revenue from Intermediates Sources:						
Restricted Grant in Aid	0	32,120	0	0	0	32,120
Revenue in Lieu of Taxes	13,646	0	0	1,160	0	14,806
Revenue from State Sources:						
Unrestricted Grants-in-Aid	17,456,581	234,483	0	50,566	0	17,741,630
Restricted Grants-in-Aid	79,299	2,446,496	0	995,166	0	3,520,961
Revenue for/on Behalf of District	77,787	0	0	0	0	77,787
Revenue from Federal Sources:						
Unrestricted Grants-in-Aid	6,073	0	0	0	0	6,073
Restricted Grants-in-Aid	0	2,511,676	0	0	0	2,511,676
Total Revenue	26,340,558	5,546,263	138,000	1,624,785	9,433	33,659,039
<b>EXPENDITURES:</b>						
Instruction:						
Regular	12,770,355	1,150,987	0	434,715	1,050	14,357,107
Special	2,767,173	1,781,300	0	719	0	4,549,192
Vocational	338,074	408,925	0	0	0	746,999
Other	115,552	0	0	0	0	115,552
Supporting Services:						
Pupil	1,185,652	280,651	0	0	785	1,467,088
Instructional Staff	367,536	360,545	0	34,942	0	763,023
Board of Education	85,944	0	0	0	0	85,944
Administration	2,383,803	212,637	0	9,971	0	2,606,411
Fiscal Services	664,275	53,347	0	11,568	323	729,513
Business	438,489	287	0	676	0	439,452
Operation and Maintenance of Plant	2,841,477	0	0	0	0	2,841,477
Pupil Transportation	1,126,700	3,397	0	0	0	1,130,097
Central	8,469	34,205	0	0	0	42,674

(Continued)



**Ashtabula Area City School District**  
**Combined Statement of Revenue, Expenditures and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**For the Fiscal Year Ended June 30, 1999**

	Governmental Fund Types			Fiduciary	Totals
	General	Special Revenue	Debt Service	Expendable Trust	(Memorandum) (Only)
<b>EXPENDITURES:</b>					
Operation of Non-Instructional Services:					
Food Service Operations	\$ 0	31,737	0	0	\$ 31,737
Community Services	0	167,145	0	581	167,726
Extracurricular Activities:					
Academic & Subject Oriented	24,919	138,931	0	0	163,850
Occupation Oriented Activities	0	5,109	0	0	5,109
Sports Oriented	296,034	151,710	0	0	447,744
Co-Curricular Activities	14,459	30,066	0	0	44,525
Capital Outlay:					
Site Improvement	117,878	0	0	43,462	161,340
Building Improvement	117,340	0	0	1,041,896	1,159,236
Debt Service:					
Principal Retirement	0	0	115,000	0	115,000
Interest & Fiscal Charges	0	0	30,157	0	30,157
Total Expenditures	<u>25,664,129</u>	<u>4,810,979</u>	<u>145,157</u>	<u>1,577,949</u>	<u>32,200,953</u>
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	676,429	735,284	(7,157)	46,836	1,458,086
Other Financing Sources and Uses:					
Other Financing Sources					
Premium & Accrued Interest	0	0	1,301	0	1,301
Proceeds from Notes	0	0	0	315,000	315,000
Sale & Loss of Assets	11,969	0	0	0	11,969
Transfers-In	0	97,405	7,157	0	104,562
Advances - In	0	2,469	0	0	2,469
Other Revenues	265	39,236	0	0	39,501
Other Financing Uses					
Transfer-Out	(198,824)	(15,995)	0	(7,157)	(221,976)
Advances-Out	(36,180)	0	0	0	(36,180)
Refund of Prior Years Receipts	(850,646)	(15)	0	0	(850,661)
Net Other Financing Sources and Uses	<u>(1,073,416)</u>	<u>123,100</u>	<u>8,458</u>	<u>307,843</u>	<u>(634,015)</u>
Excess (Deficiency) of Revenue Receipts and Other Sources Over Expenditure					
Disbursement and Other Uses	(396,987)	858,384	1,301	354,679	824,071
Increase (Decrease) Inventory	(8,516)	0	0	0	(8,516)
Beginning Fund Balance	1,981,542	502,631	0	583,885	3,081,792
Ending Fund Balance	<u>\$ 1,576,039</u>	<u>1,361,015</u>	<u>1,301</u>	<u>938,564</u>	<u>\$ 3,897,347</u>

See Accompanying Notes to the General Purpose Financial Statements

**Ashtabula Area City School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 1999**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 7,790,766	7,854,544	63,778	0	0	\$ 0
Tuition	90,877	129,305	38,428	0	0	0
Transportation Fees	99,000	100,872	1,872	0	0	0
Earnings on Investment	330,000	327,340	(2,660)	4,546	4,225	(321)
Extracurricular Activities	0	0	0	259,358	263,240	3,882
Classroom Materials & Fees	0	0	0	58	1,332	1,274
Miscellaneous	12,000	27,387	15,387	68,820	53,047	(15,773)
Restricted Grants-in-Aid	0	0	0	36,365	31,718	(4,647)
Revenue in Lieu of Taxes	13,646	13,646	0	0	0	0
State Unrestricted Grants-in-Aid	16,570,018	16,606,945	36,927	255,469	248,985	(6,484)
State Restricted Grants-in-Aid	79,299	79,299	0	2,451,308	2,446,496	(4,812)
Revenue for/on Behalf of District	63,385	77,787	14,402	0	0	0
Federal Unrestricted Grants-in-Aid	6,973	6,073	(900)	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>25,055,964</b>	<b>25,223,198</b>	<b>167,234</b>	<b>5,829,215</b>	<b>5,505,059</b>	<b>(324,156)</b>
<b>Expenditures:</b>						
Regular Instruction	12,913,109	12,820,804	92,305	1,123,751	1,074,197	49,554
Special Instruction	2,803,043	2,798,551	4,492	2,385,736	1,744,443	641,293
Vocational Instruction	346,521	337,070	9,451	409,500	408,925	575
Other Instruction	116,000	115,991	9	0	0	0
Support Services-Pupils	1,172,245	1,171,933	312	384,461	282,640	101,821
Support Services-Instructional Staff	459,640	426,916	32,724	543,080	362,498	180,582
Support Services-Board of Education	89,811	88,850	961	0	0	0
Support Services-Administration	2,414,639	2,402,597	12,042	279,911	231,786	48,125
Fiscal Services	649,979	649,544	435	58,492	53,347	5,145
Support Services-Business	430,942	428,909	2,033	292	291	1
Operation & Maintenance-Plant	2,957,498	2,955,107	2,391	0	0	0
Support Services-Transportation	1,206,510	1,199,062	7,448	6,000	3,270	2,730
Support Services-Central	8,498	8,127	371	40,879	34,765	6,114
Food Services Operations	0	0	0	31,737	31,737	0
Community Services	0	0	0	251,555	217,100	34,455
Academic & Subject Oriented	24,927	24,919	8	187,143	144,169	42,974
Occupation Oriented Activities	0	0	0	7,505	4,961	2,544
Sports Oriented	296,837	296,033	804	181,549	152,730	28,819
Co-Curricular Activities	14,843	14,459	384	38,247	30,873	7,374
Site Improvement	117,961	117,878	83	0	0	0
Building Improvement	117,540	117,340	200	0	0	0
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>26,140,543</b>	<b>25,974,090</b>	<b>166,453</b>	<b>5,929,838</b>	<b>4,777,732</b>	<b>1,152,106</b>
Excess of Revenue Over (Under) Expenditures	(1,084,579)	(750,892)	333,687	(100,623)	727,327	827,950
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	0	0	0	0	0	0
Proceeds from Notes	0	0	0	0	0	0
Sale & Loss of Assets	11,968	11,969	1	0	0	0
Transfer-In	0	0	0	98,412	97,405	(1,007)
Advances-In	0	196,325	196,325	0	15,800	15,800
Refund of Prior Years Expenditures	290	290	0	730	731	1
Transfer-Out	(470,935)	(198,824)	272,111	(193)	(15,995)	(15,802)
Advances-Out	0	(268,910)	(268,910)	0	(36,180)	(36,180)
Refund of Prior Years Receipts	(6,000)	(1,010)	4,990	0	0	0
<b>Total Other Sources (Uses)</b>	<b>(464,677)</b>	<b>(260,160)</b>	<b>204,517</b>	<b>98,949</b>	<b>61,761</b>	<b>(37,188)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(1,549,256)	(1,011,052)	538,204	(1,674)	789,088	790,762
Beginning Fund (Deficit) Balance	1,727,407	1,727,407	0	592,765	592,765	0
Prior Year Carry Over Encumbrances	420,045	420,045	0	80,621	80,621	0
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 598,196</b>	<b>1,136,400</b>	<b>538,204</b>	<b>671,712</b>	<b>1,462,474</b>	<b>\$ 790,762</b>

(Continued)

**Ashtabula Area City School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**For the Fiscal Year Ended June 30, 1999**

	Debt Service Funds			Capital Project Fund		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 145,157	138,000	(7,157)	553,497	558,815	\$ 5,318
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Classroom Materials & Fees	0	0	0	0	0	0
Miscellaneous	0	0	0	0	0	0
Restricted Grants-in-Aid	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	1,160	1,160	0
State Unrestricted Grants-in-Aid	0	0	0	50,566	50,566	0
State Restricted Grants-in-Aid	0	0	0	1,041,966	995,166	(46,800)
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
<b>Total Revenue</b>	<b>145,157</b>	<b>138,000</b>	<b>(7,157)</b>	<b>1,647,189</b>	<b>1,605,707</b>	<b>(41,482)</b>
<b>Expenditures:</b>						
Regular Instruction	0	0	0	521,989	443,008	78,981
Special Instruction	0	0	0	2,000	719	1,281
Vocational Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	67,076	35,910	31,166
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	19,500	10,370	9,130
Fiscal Services	0	0	0	33,700	11,568	22,132
Support Services-Business	0	0	0	2,800	676	2,124
Operation & Maintenance-Plant	0	0	0	27,000	0	27,000
Support Services-Transportation	0	0	0	2,300	2,300	0
Support Services-Central	0	0	0	0	0	0
Food Services Operations	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented	0	0	0	0	0	0
Co-Curricular Activities	0	0	0	0	0	0
Site Improvement	0	0	0	128,972	51,991	76,981
Building Improvement	0	0	0	1,226,368	1,096,607	129,761
Repayment of Debt	145,157	145,157	0	0	0	0
<b>Total Expenditures</b>	<b>145,157</b>	<b>145,157</b>	<b>0</b>	<b>2,031,705</b>	<b>1,653,149</b>	<b>378,556</b>
Excess of Revenue Over (Under) Expenditures	0	(7,157)	(7,157)	(384,516)	(47,442)	337,074
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	0	1,302	1,302	0	0	0
Proceeds from Notes	0	0	0	0	315,000	315,000
Sale & Loss of Assets	0	0	0	0	0	0
Transfer-In	0	7,157	7,157	0	0	0
Advances-In	0	0	0	0	46,800	46,800
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	(7,157)	(7,157)	0
Advances-Out	0	0	0	0	0	0
Refund of Prior Years Receipts	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>0</b>	<b>8,459</b>	<b>8,459</b>	<b>(7,157)</b>	<b>354,643</b>	<b>361,800</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	1,302	1,302	(391,673)	307,201	698,874
Beginning Fund (Deficit) Balance	0	0	0	333,129	333,129	0
Prior Year Carry Over Encumbrances	0	0	0	103,589	103,589	0
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 0</b>	<b>1,302</b>	<b>1,302</b>	<b>45,045</b>	<b>743,919</b>	<b>\$ 698,874</b>

(Continued)

**Ashtabula Area City School District**  
**Combined Statement of Revenues, Expenditures and Changes in Fund Balances**  
**Budget (Non-GAAP Basis) and Actual**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**For the Fiscal Year Ended June 30, 1999**

	Expendable Trust Fund			Totals (Memorandum Only)		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	8,489,420	8,551,359	\$ 61,939
Tuition	0	0	0	90,877	129,305	38,428
Transportation Fees	0	0	0	99,000	100,872	1,872
Earnings on Investment	210	158	(52)	334,756	331,723	(3,033)
Extracurricular Activities	0	0	0	259,358	263,240	3,882
Classroom Materials and Fees	0	0	0	58	1,332	1,274
Miscellaneous	626	9,275	8,649	81,446	89,709	8,263
Restricted Grants-in-Aid	0	0	0	36,365	31,718	(4,647)
Revenue in Lieu of Taxes	0	0	0	14,806	14,806	0
State Unrestricted Grants-in-Aid	0	0	0	16,876,053	16,906,496	30,443
State Restricted Grants-in-Aid	0	0	0	3,572,573	3,520,961	(51,612)
Revenue for/on Behalf of District	0	0	0	63,385	77,787	14,402
Federal Unrestricted Grants-in-Aid	0	0	0	6,973	6,073	(900)
Federal Restricted Grants-in-Aid	0	0	0	2,753,291	2,456,016	(297,275)
<b>Total Revenue</b>	<b>836</b>	<b>9,433</b>	<b>8,597</b>	<b>32,678,361</b>	<b>32,481,397</b>	<b>(196,964)</b>
<b>Expenditures:</b>						
Regular Instruction	1,050	1,050	0	14,559,899	14,339,059	220,840
Special Instruction	0	0	0	5,190,779	4,543,713	647,066
Vocational Instruction	0	0	0	756,021	745,995	10,026
Other Instruction	0	0	0	116,000	115,991	9
Support Services-Pupils	1,625	785	840	1,558,331	1,455,358	102,973
Support Services-Instructional Staff	0	0	0	1,069,796	825,324	244,472
Support Services-Board of Education	0	0	0	89,811	88,850	961
Support Services-Administration	0	0	0	2,714,050	2,644,753	69,297
Fiscal Services	2,000	48	1,952	744,171	714,507	29,664
Support Services-Business	0	0	0	434,034	429,876	4,158
Operation & Maintenance-Plant	0	0	0	2,984,498	2,955,107	29,391
Support Services-Transportation	0	0	0	1,214,810	1,204,632	10,178
Support Services-Central	0	0	0	49,377	42,892	6,485
Food Services-Operations	0	0	0	31,737	31,737	0
Community Services	800	583	217	252,355	217,683	34,672
Academic & Subject Oriented	0	0	0	212,070	169,088	42,982
Occupation Oriented Activities	0	0	0	7,505	4,961	2,544
Sports Oriented	0	0	0	478,386	448,763	29,623
Co-Curricular Activities	0	0	0	53,090	45,332	7,758
Site Improvement	0	0	0	246,933	169,869	77,064
Building Improvement	0	0	0	1,343,908	1,213,947	129,961
Repayment of Debt	0	0	0	145,157	145,157	0
<b>Total Expenditures</b>	<b>5,475</b>	<b>2,466</b>	<b>3,009</b>	<b>34,252,718</b>	<b>32,552,594</b>	<b>1,700,124</b>
Excess of Revenue Over (Under) Expenditures	(4,639)	6,967	11,606	(1,574,357)	(71,197)	1,503,160
<b>Other Financing Sources (Uses):</b>						
Premium & Accrued Interest	0	0	0	0	1,302	1,302
Proceeds from Notes	0	0	0	0	315,000	315,000
Sale & Loss of Assets	0	0	0	11,968	11,969	1
Transfer-In	0	0	0	98,412	104,562	6,150
Advances-In	0	0	0	0	258,925	258,925
Refund of Prior Years Expenditures	0	0	0	1,020	1,021	1
Transfer-Out	(1,000)	0	1,000	(479,285)	(221,976)	257,309
Advances-Out	0	0	0	0	(305,090)	(305,090)
Refund of Prior Years Receipts	0	0	0	(6,000)	(1,010)	4,990
<b>Total Other Sources (Uses)</b>	<b>(1,000)</b>	<b>0</b>	<b>1,000</b>	<b>(373,885)</b>	<b>164,703</b>	<b>538,588</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(5,639)	6,967	12,606	(1,948,242)	93,506	2,041,748
Beginning Fund (Deficit) Balance	13,234	13,234	0	2,666,535	2,666,535	0
Prior Year Carry Over Encumbrances	500	500	0	604,755	604,755	0
<b>Ending Fund (Deficit) Balance</b>	<b>\$ 8,095</b>	<b>20,701</b>	<b>12,606</b>	<b>1,323,048</b>	<b>3,364,796</b>	<b>\$ 2,041,748</b>

See Accompanying Notes to the General Purpose Statements.

**Ashtabula Area City School District**  
**Combined Statement of Revenues, Expenses and Changes in Retained Earnings**  
**All Proprietary Fund Types and Similar Fiduciary Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Proprietary		Fiduciary	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non- Expendable Trust Fund	
<b>Operating Revenues:</b>				
Sales	\$ 464,159	0	0	\$ 464,159
Extracurricular Activities	0	5,482	0	5,482
Classroom Materials & Fees	2,217	0	0	2,217
Charges for Services	0	3,940,426	0	3,940,426
<b>Total Operating Revenue</b>	<b>466,376</b>	<b>3,945,908</b>	<b>0</b>	<b>4,412,284</b>
<b>Operating Expenses:</b>				
Salary and Wages	583,284	0	0	583,284
Employee Benefits	284,834	0	0	284,834
Purchase Services	20,881	259,725	0	280,606
Supplies and Materials	569,738	1,265	0	571,003
Other Expenses	1,737	3,751,918	1,781	3,755,436
Depreciation	9,051	0	0	9,051
<b>Total Operating Expenses</b>	<b>1,469,525</b>	<b>4,012,908</b>	<b>1,781</b>	<b>5,484,214</b>
<b>Operating Income (Loss)</b>	<b>(1,003,149)</b>	<b>(67,000)</b>	<b>(1,781)</b>	<b>(1,071,930)</b>
<b>Non-Operating Revenues:</b>				
Earnings On Investments	0	0	1,557	1,557
State Unrestricted Grants In-Aid	60,107	0	0	60,107
Federal Unrestricted Grants In-Aid	768,878	0	0	768,878
Federal Restricted Grants In-Aid	63,169	0	0	63,169
Other Revenue	113	0	0	113
<b>Total Non-Operating Revenue</b>	<b>892,267</b>	<b>0</b>	<b>1,557</b>	<b>893,824</b>
<b>Non-Operating Expenses:</b>				
Loss on Disposal of Assets	5,844	0	0	5,844
Other Expenses	0	0	0	0
<b>Total Non-Operating Expenses</b>	<b>5,844</b>	<b>0</b>	<b>0</b>	<b>5,844</b>
Loss before operating transfers	(116,726)	(67,000)	(224)	(183,950)
Transfers-In	106,314	0	0	106,314
<b>Net Loss</b>	<b>(10,412)</b>	<b>(67,000)</b>	<b>(224)</b>	<b>(77,636)</b>
Beginning Retained Earnings	170,285	969,356	31,700	1,171,341
Ending Retained Earnings	159,873	902,356	31,476	1,093,705
Contributed Capital	31,737	0	0	31,737
<b>Total Fund Equity</b>	<b>\$ 191,610</b>	<b>902,356</b>	<b>31,476</b>	<b>\$ 1,125,442</b>

See Accompanying Note to the General Purpose Financial Statements.

**Ashtabula Area City School District**  
**Combined Statement of Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**For the Fiscal Year Ended June 30, 1999**

	Proprietary		Fiduciary	Totals (Memorandum (Only))
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Fund	
<b>Cash Flows from Operating Activities</b>				
Operating Income (Loss)	\$ (1,003,149)	(67,000)	(1,781)	\$ (1,071,930)
<b>Adjustment to Reconcile Operating Income (Loss)</b>				
To Net Cash used in Operating Activities:				
Depreciation	9,051	0	0	9,051
Net (Increase) Decrease in Assets:				
Due from Other Governments	(27,880)	0	0	(27,880)
Accounts Receivable	(250)	235	0	(15)
Inventory	771	0	0	771
Net Increase (Decrease) in Liabilities:				
Due to Other Government	(5,177)	0	0	(5,177)
Accounts Payable	(1,744)	245	0	(1,499)
Claims Payable	0	166,137	0	166,137
Accrued Wages & Benefits	(851)	0	0	(851)
Deferred Revenue	(258)	0	0	(258)
Other	(4,439)	0	0	(4,439)
Total Adjustments	<u>(30,777)</u>	<u>166,617</u>	<u>0</u>	<u>135,840</u>
Net Cash Used in Operating Activities	(1,033,926)	99,617	(1,781)	(936,090)
<b>Cash Flows from Investing Activities:</b>				
Earnings on Investments	0	0	1,557	1,557
Net Cash Provided by Investing Activities	0	0	1,557	1,557
<b>Cash Flows from Noncapital Activities</b>				
Net of Advances from Other Funds	46,166	0	0	46,166
Operating Grants from State Sources	60,107	0	0	60,107
Operating Grants from Federal Sources	832,047	0	0	832,047
Transfers from Other Funds	106,314	0	0	106,314
Other	113	0	0	113
Net Cash Provided by Noncapital Financing Sources	<u>1,044,747</u>	<u>0</u>	<u>0</u>	<u>1,044,747</u>
<b>Cash Flows from Capital Financing Activities:</b>				
Other Expenses	0	0	0	0
Acquisition of Capital Assets	(10,947)	0	0	(10,947)
Loss on Disposal of Capital Assets	0	0	0	0
Net Cash Provided by Capital Financing Sources	<u>(10,947)</u>	<u>0</u>	<u>0</u>	<u>(10,947)</u>
Net Increase (Decrease) in Cash & Cash Equivalents	(126)	99,617	(224)	99,267
Cash and Cash Equivalents at Beginning of Year	<u>13,993</u>	<u>1,357,556</u>	<u>34,701</u>	<u>1,406,250</u>
Cash and Cash Equivalents at End of Year	<u>\$ 13,867</u>	<u>1,457,173</u>	<u>34,477</u>	<u>\$ 1,505,517</u>

See Accompanying Notes to The General Purpose Financial Statements.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies**

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

**A. Reporting Entity**

The District is a body politic and corporate established for the purpose of exercising the rights and privileges conveyed to it by the constitution and laws of the State of Ohio. The District is a city school district as defined by Section 3311.02 of the Ohio Revised Code. The District operates under an elected Board of Education (5 members) and is responsible for the provision of public education to residents of the district.

Average daily membership (ADM) as of October 1, 1998, was 5,091. The District employed 29 administrative and supervisory personnel, 367 certified employees and 248 non-certificated employees.

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

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

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

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

A primary government has the ability to impose its will on an organization if it can significantly influence the programs, projects, or activities of, or the level of services performed or provided by, the organization. A financial benefit or burden relationship exists if the primary government (a) is entitled to the organizations's resources; (b) is legally obligated or has otherwise assumed the obligation to finance the deficits of, or provide financial support to, the organization; or (c) is obligated in some manner for the debt of the organization.

The following entities which perform activities within the District's boundaries for the benefit of its residents are excluded from the accompanying financial statements because the District is not financially accountable for these entities nor are they fiscally dependent on the District.

The township governments of Ashtabula, Plymouth and Saybrook are each a separate body politic and corporate. Three trustees for each township are elected independent of any school district relationships and administer the provision of traditional services. The trustees act as the taxing and budgeting authority for these services.

The city government of Ashtabula, which is within the boundaries of the District, is a separate body politic and corporate. A City Manager and council are elected independent of any school district relationships and administer the provision of traditional city services. Council acts as the taxing and budgeting authority for these city services.

The Ashtabula County Joint Vocational School District is a separate body politic and corporate, established by the Ohio Revised Code to provide for the vocational and special education needs of the students. Its board of education is appointed by the representative school districts. The District is not involved in the budgeting or management of the Ashtabula County Joint Vocational School District. The District's students may attend the vocational school.

The District is not involved in the budgeting or management of Parent Teacher Associations or booster clubs. The District is also not responsible for any debt and has no influence over the organization or clubs.

Within the District's boundaries, the Ashtabula Catholic Elementary School and Sts. John and Paul High School are operated through the Youngstown Catholic Diocese. Northeast Academy is operated as independent non-public school chartered by the Ohio Department of Education. Current state legislation provides funding to these schools. These monies are received and disbursed on behalf of the schools by the treasurer of the District, as directed by the schools. The accounting for these state monies is reflected as a special revenue fund of the District.



**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

The Ashtabula County Public Library is a separate body politic of the State of Ohio which provides the community with various educational and literary resources governed by a board of trustees. The Board of Education does not exercise influence over its daily operation, participate in fiscal management or scope of public service, provide financial support, or hold accountability for fiscal services.

The Harbor-Topky Memorial Library is a separate body politic. The Board of Education does upon recommendation of the Trustees, by resolution, appoint new Trustees.

The District is a participating member of the Northeast Ohio Management Information Network (NEOMIN). NEOMIN provides data services needed by the participating school districts. The Trumbull County Board of Education serves as the fiscal agent. This is a jointly governed organization, and the District's participation is discussed in Note 15 to the General Purpose Financial Statements.

During the 1999 fiscal year, the District was awarded a \$346,200 grant from the State Department of Education, Division of Vocational Education for the Jobs for Ohio Graduates Program (JOGS) and a \$60,000 grant for the purpose of Drop Out Recovery through JOGS. This program is operated by JOG - Ashtabula County, Inc., a non-profit organization which serves public school districts in Ashtabula County. JOG - Ashtabula County, Inc., is governed by a Board of Trustees comprised of representatives from secondary schools, post secondary schools, business, labor/management, JTPA and community based organization leaders. The District distributes the grant to JOG based on criteria approved by the State Department of Education. These monies are reported within the special revenue funds.

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

**B. Fund Accounting**

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

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

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

**Governmental Fund Types**

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

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

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

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

**Capital Projects Fund** - This fund is used to account for financial resources to be used for the acquisition or construction of major capital assets or facilities (other than those financed by proprietary funds and trust funds).

**Proprietary Fund Types**

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

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

Fiduciary Fund Types

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

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

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

Agency Funds - These funds are purely custodial and thus do not involve measurement of results of operations.

Account Groups

Account Groups are financial reporting devices to provide accountability for certain assets and liabilities that are not recorded in the funds (i.e., governmental funds only) because they do not affect expendable available financial resources. The following are the District's account groups:

General Fixed Assets Account Group - This account group is used to account for all of the District's fixed assets other than those accounted for in the Proprietary funds.

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

**C. Measurement Focus/Basis of Accounting**

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

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

The modified accrual basis of accounting is followed for all Governmental Fund Types, Expendable Trust and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The District uses 60 days past the end of the fiscal year as the available period.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: property taxes, investment earnings, tuition, grants and entitlements, and accounts (student fees and rent).

The District reports deferred revenues of governmental funds on its combined balance sheet when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received before the occurrence of qualifying expenditures. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable as of June 30, 1999 which are intended to finance fiscal year 2000 operations, have been recorded as deferred revenue.

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

The accrual basis of accounting is utilized for reporting purposes by the proprietary fund types. Revenues are recognized when they are earned and become measurable, and expenses are recognized when they are incurred, if measurable.

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

**D. Budget and Budgetary Accounting**

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriation resolution are subject to amendments through 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, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates.

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

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

Formal budgetary integration is employed as a management control device during the year for all funds, 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. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent year expenditures 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 reappropriated.

**E. Cash and Investments**

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 investments" on the combined balance sheet.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

During the fiscal year all investments were limited to STAR Ohio and one-day repurchase agreements.

Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements and nonnegotiable certificates of deposit are reported at cost.

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1998-99. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio 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 STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Following Ohio statutes, the Board of Education has, by resolution, specified the funds to receive an allocation of interest earnings. Interest revenue credited to the General Fund during the fiscal year amounted to \$327,340.

For the District, all investment earnings accrue to the general fund, Auxiliary Service Fund, one Expendable and one Non-Expendable Trust Fund as authorized by board resolution. Interest income earned in fiscal year 1999 totaled \$333,280.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with original maturities of three months or less at the time they are purchased by the District are considered to be cash equivalents. Investments with an initial maturity of more than three months are reported as investments.

**F. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside for the budget stabilization and textbook reserves. The reserves are required by State statute and can be used only after receiving approval from the State Superintendent of Public Instruction. A related fund balance reserve has also been established.

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

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

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded using the nonallocation method. Payments for the prepaid items or deferrals are fully recognized as an expenditure in the year of payment. Under the nonallocation method no asset for the prepayment or deferral is created, and no expenditure allocation to future accounting periods is required.

**I. Fixed Assets**

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

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

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

**J. Intergovernmental Revenues**

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded as receivables and revenues when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants and entitlements for proprietary fund operations are recognized as non-operating revenues in the accounting period in which they are earned and become measurable. Grants and entitlements amounted to approximately 62% of the District's revenue during the 1999 fiscal year.



**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

**K. Short-Term Interfund Receivables/Payables**

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 1999, the District had short-term interfund loans in the amount of \$268,910.

**L. Advances to Other Funds**

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

**M. Compensated Absences**

The District accounts for compensated absences in accordance with GASB Statement No. 16.

Sick leave and other compensated absences with similar characteristics should be accrued as a liability based on the sick leave accumulated at the balance sheet date by those employees who currently are eligible to receive termination payments, as well as other employees who are expected to become eligible in the future to receive such payments. To calculate the liability, these accumulations should be reduced to the maximum amount allowed as a termination payment. Accruals for those employees who are expected to become eligible in the future should be based on assumptions concerning the probability that individual employees or class or group of employees will become eligible to receive termination payments. This method is known as the vesting method.

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

For governmental funds, the District records a liability for accumulated unused vacation time when earned. The current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

in the general long-term debt account group. In proprietary funds, the entire amount of compensated absences are recorded as an expense and liability as the benefits accrue to the employee.

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriate for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 1999, the District had \$31,737 in contributed capital.

**O. Long-Term Obligations**

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

**P. Interfund Transactions**

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

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

**Q. Fund Balance Reserves**

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available spendable resources and, therefore, are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for endowment, House Bill 412, inventory and encumbrances.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 1. Summary of Significant Accounting Policies (continued)**

**R. Estimates**

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

**S. Memorandum Only - Total Columns**

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

**Note 2. Budgetary Basis of Accounting**

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

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 2. Budgetary Basis of Accounting (continued)**

4. Proceeds from a principal payment on short-term note obligations are reported on the operating statement (budget) rather than on the balance sheet (GAAP).

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

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

	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ (396,987)	858,384	1,301	354,679	\$ 6,694
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue Accruals	(1,117,360)	(41,204)	0	(19,078)	0
Due to Expenditures:					
Net Adjustment to Expenditure Accruals	(309,961)	33,246	0	(75,200)	273
Due to Other Sources/Uses	813,256	(61,338)	1	46,800	0
Budget Basis	<u>\$ (1,011,052)</u>	<u>789,088</u>	<u>1,302</u>	<u>307,201</u>	<u>\$ 6,967</u>

**Note 3. Equity in Pooled Cash and Investments**

State statutes classify monies held by the District into three categories. Active deposits are public deposits necessary to meet current demands on the treasury. Such monies must be maintained either as cash in the District Treasury, in commercial accounts payable or withdraw able on demand, including negotiable order of withdrawal (NOW) accounts, or in money market deposit accounts.

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

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

Protection of school district deposits is provided by the Federal Deposit Insurance Corporation (FDIC), by eligible securities pledged by the financial institution as security for repayment, by surety company

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 3. Equity in Pooled Cash and Investments (continued)**

bonds deposited with the treasurer by the financial institution or by a single collateral pool established by the financial institution to secure the repayment of all public monies deposited with the institution.

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any federal government agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the District;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim moneys available for investment at any one time; and,
8. Under limited circumstances, debt interests rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited. An investment must mature within five years from the date of purchase unless matched

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 3. Equity in Pooled Cash and Investments (continued)**

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.

The following information classifies deposits and investments by categories of risk as defined in GASB Statement No. 3, "Deposits With Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements."

**Deposits** At fiscal year end, the carrying amount of the District's deposits was (\$144,193) and the bank balance was \$325,492, of which \$100,000 was covered by federal depository insurance. The remaining amounts were protected by qualified securities pledged by the institution holding the assets. By law, financial institutions may establish a collateral pool to cover all public deposits. The face value of the pooled collateral must equal at least 110 percent of public funds deposited. Collateral is held by trustees including the Federal Reserve Bank and designated third party trustees of the financial institutions. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**Investments** The District's investments are required to be categorized 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 counter party'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 District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreement	\$ 0	\$ 0	\$ 1,589,298	\$ 1,589,298	\$ 1,589,298
STAR Ohio				4,232,125	4,232,125
Total Investments				<u>\$ 5,821,423</u>	<u>\$ 5,821,423</u>

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 3. Equity in Pooled Cash and Investments (continued)**

The classification of equity in pooled cash and investments on the combined financial statements represents cash and cash equivalents as defined in GASB Statement No. 9, entitled "Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting."

A reconciliation between the classifications of equity in pooled cash and investments (cash and cash equivalents) on the combined financial statements and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 5,677,355	
Investments:		
Repurchase Agreement	(1,589,298)	\$ 1,589,298
STAR Ohio	(4,232,125)	4,232,125
Total	(144,068)	5,821,423
Cash on Hand	(125)	0
GASB Statement No. 3	\$ (144,193)	\$ 5,821,423

**Note 4. Property Taxes**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the County Auditor at 35 percent of appraised market value. All property is required to be revalued every six years. The last revaluation was completed in 1996. Real property taxes are payable annually or semi-annually.

Taxes collected from tangible personal property (other than public utility) in one calendar year are levied in the prior calendar year on assessed values during and at the close of the most recent fiscal year of the taxpayer that ended on or before December 31 of that calendar year. Tangible personal property used in business (except for public utilities) is currently assessed for taxation purposes at 25 percent of its true

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 4. Property Taxes (continued)**

value. Amounts paid by multi-county taxpayers are payable annually or semi-annually with the first payment due April 30 and the remainder payable by October.

Public utility real and public utility personal property taxes collected in one calendar year are levied in the preceding calendar year on assessed values determined as of December 31 of the second year preceding the tax collection year, the lien date. Real property is assessed at 35 percent of market value and personal property is assessed at various rates up to 100 percent of true value. Public utility property taxes are payable on the same dates as real property taxes described previously.

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

The full tax rate at the fiscal year ending June 30, 1999, for operations was \$38.30 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the 1999 taxes were collected were as follows:

Real Property	\$	258,402,720
Public Utility Personal		38,306,600
Tangible Personal Property		44,641,640
Total Assessed Value	\$	<u>341,350,960</u>

Accrued property taxes receivable represent delinquent taxes outstanding and real property, 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, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is, therefore, offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 is recognized as revenue. The amount available to the District as an advance at June 30, 1999 was \$2,697,573 in General Fund and \$180,742 in Capital Projects Fund.

**Note 5. Receivables**

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



**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 5. Receivables (continued)**

A summary of the principal items of intergovernmental receivables follows:

<b>General Fund:</b>	
Excess Costs	\$ 27,533
Due from State of Ohio	849,636
Total General Fund	877,169
<b>Special Revenue Funds:</b>	
CAFS	76,775
Title II	151,528
Total Special Revenue Funds	228,303
<b>Proprietary Funds:</b>	
State & Federal Reimbursements	147,819
Total Proprietary Funds	147,819
	<b>\$1,253,291</b>

**Note 6. Risk Management**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers.

General liability insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate. Other liability insurance includes \$25,000 for the district superintendent and \$50,000 for the district treasurer. Additionally the district has commercial crime coverage of \$10,000.

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

The District maintains replacement cost insurance on buildings and contents in the amount of \$61,571,400. Other property insurance includes \$1,543,212 for musical instrument, related equipment and accessories and electronic data processing hardware. The District participates in the Workers' Compensation Program provided by the State of Ohio.

The District has established an internal service "self-insurance" fund, in conjunction with a formalized risk management program, in an effort to minimize risk exposure and control claims and premium costs.

This self-insurance fund was established January 1994, for the purpose of accumulating balances sufficient to self-insure basic medical, dental, vision, and prescription drug coverage and permit excess umbrella

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 6. Risk Management (continued)**

coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier. Stop loss coverage of \$50,000 is carried by the District for each individual employee. In addition, an aggregate pooling limit is insured at \$1,645,860.

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. The basis for estimating the liability for claims incurred but not yet paid is based on past experience and documentation obtained by the insurance carrier. Changes in the fund's claims liability for the last three years were as follows:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
FY 1997	\$ 323,412	2,860,574	(2,879,073)	304,913
FY 1998	304,913	3,170,871	(3,088,069)	387,715
FY 1999	387,715	4,007,434	(3,841,297)	553,852

Monies are provided from each fund based on a per-employee charge and are recorded as charges for services in the Self-Insurance Fund and as an expenditure in the disbursing fund. The following is a summary of payments made to the Self-Insurance Fund by fund type:

General Fund	\$ 3,278,187
Special Revenue Funds	464,586
Enterprise Funds	130,000
Total Contributed by Funds	3,872,773
Employee Contributions	67,888
Total Contributions	\$ 3,940,661

An actuarial valuation of claim liability and funded status for the period ended December 31, 1998, reported reserved funds available to pay incurred but not reported claims of that date are \$1,443,349. It is thus concluded that minimum requirement under interpretation of Section 9.833 of the Ohio Revised Code are satisfied.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 7. Employee Retirement Systems**

**A. School Employees Retirement System**

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

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent; 6.0 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$648,259, \$632,875, and \$614,333, respectively; 50 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$324,132, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 7.7 percent was the portion to fund pension obligations. Prior to July 1, 1997, the portion used to fund pension obligations was 12 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$2,051,462, \$1,915,928, and \$1,891,330, respectively; 65 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$718,012, representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 7. Employee Retirement Systems (continued)**

**C. Social Security**

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System /State Teachers Retirement System. As of June 30, 1999, three (3) members of the Board of Education have elected social security. The Board's liability is 6.2 percent of wages paid.

**Note 8. Postemployment Benefits**

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

**A. State Teachers Retirement System**

For STRS, coverage is made available to any member retiring who has five years of service credit and attained age 60, twenty-five years of service credit and attained age 55, or thirty years of service credit regardless of age.

All benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. Through June 30, 1999 the board allocated employer contributions equal to eight percent (8%) of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2,156 million at June 30, 1998 (the latest information available). For the District, this amount equaled \$41,029 during the 1999 fiscal year. For the fiscal year ended June 30, 1998, eligible benefit recipients totaled 91,999, and net health care costs paid by STRS were \$219,224,000.

**B. School Employees Retirement System**

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 8. Postemployment Benefits (continued)**

For this fiscal year employer contributions to fund health care benefits were 6.3 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$112,112 during the 1999 fiscal year.

The target level for the health care reserve is 125% of annual health care expenses. Expenses for health care at June 30, 1998, were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, the Retirement System's net assets available for payment of health care benefits was \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

**Note 9. Compensated Absences**

The criteria for determining vested vacation and sick leave components are derived from board policy, negotiated agreements and State laws. The Superintendent, Treasurer, twelve (12) month Administrators and twelve (12) month classified employees earn vacation. Classified employees accumulate vacation based on the following factors:

Length of Service	Vacation Leave
After 1 Year	2 Weeks
After 7 Years	3 Weeks
After 17 Years	4 Weeks

In addition to the vacation schedule above, classified employees having served the District continuously for more than nineteen (19) years shall be entitled to one (1) additional day for each complete year served in the district in excess of nineteen (19) years.

Vacations for classified employees can be taken any time during the year, but no more than five (5) weeks are to be taken in succession. Employees may carry over a maximum of ten (10) days from one year to the next.

The Superintendent earns 25 days vacation per year. All or part of vacation leave accrued but unused at the end of any contract year (July 31) may be exchanged for cash, at the option of the Superintendent, at his current per diem pay rate. All vacation leave which is accrued and unused and which is not exchanged for cash, shall be accumulated and carried forward from year to year under the current contract.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 9. Compensated Absences (continued)**

The Treasurer earns 25 days vacation per year and may carry over 30 days from one year to the next.

The twelve (12) month Administrators earn 20 days vacation per year and may carry over 10 days from one year to the next.

**Vacation Pay:** All twelve (12) month classified employees may choose to be paid for any and all earned vacation days in lieu of time off at the rate that would have been paid to a substitute.

**Sick Leave:** Each employee earns sick leave at the rate of one and one-fourth days per month. Sick Leave has an unlimited accumulation of days for certificated personnel and classified personnel.

**Service Retirement:** Upon retirement, employees shall receive in one lump sum, one-fourth (1/4) of the accumulated sick leave days up to a maximum of fifty (56) days for classified personnel and one-fourth (1/4) of accrued, unused sick leave days for certificated personnel multiplied times the per diem rate at the time of retirement.

**Retirement Incentive Plan:** The Board offers a retirement incentive plan to those certificated employees who are eligible to retire with 30 years of service credit in accordance with the rules and regulations established by the STRS and other qualifications per the negotiated agreement.

The plan is as follows:

1. The R.I. payment shall be equal to 20% (25% for retirees employed for 30 years or more) of the retirees placement on the salary schedule for the last full school year worked.
2. The R.I. payment shall be made the first certificated pay in January of the following calendar year.
3. The Severance payment shall be made the first certificated pay in January in the calendar year following the R.I. payment.

The first time an employee meets the criteria for the R.I. Plan as outlined above is the only time the plan is offered to an employee. The plan duration covers employees eligible to retire at the end of the 1994/95 school year through employees eligible to retire prior to the beginning of the 1998/99 school year.

**Note 10. Interfund Transactions**

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 10. Interfund Transactions (continued)**

	Interfund Receivables	Interfund Payables
General Fund	\$ 268,910	\$ 0
Special Revenue Funds	0	15,800
Capital Project Funds	0	46,800
Enterprise Funds	0	206,310
	<u>\$ 268,910</u>	<u>\$ 268,910</u>

A summary of interfund (operating) transfers made during 1999 by fund is as follows:

	Transfers Out	Transfers In
General Fund	\$ 198,824	\$ 0
Debt Service Fund	0	7,157
Special Revenue Funds	15,995	97,405
Capital Projects Funds	7,157	0
Enterprise Funds	0	106,314
Internal Service Funds	0	0
Trust & Agency Funds	74	11,174
	<u>\$ 222,050</u>	<u>\$ 222,050</u>

**Note 11. Contingencies**

**A. Grants**

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

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 11. Contingencies(continued)**

**B. Litigation**

The District is a defendant in legal proceedings pertaining to matters which are incidental to performing routine governmental and other functions. Based on the status of these legal proceedings, it is the opinion of management and legal counsel that the ultimate resolution of such will result in no significant exposure to the District.

**Note 12. General Long-Term Debt**

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

	Balance			Balance
	July 1, 1998	Additions	Deletions	June 30, 1999
Intergovernmental Payable	\$ 204,733	\$ 8,569	\$ 0	\$ 213,302
General Obligation Notes Payable	529,000	315,000	115,000	729,000
Compensated Absences Payable	2,081,891	22,833	0	2,104,724
Early Retirement Incentive	47,294	0	20,041	27,253
	<u>\$ 2,862,918</u>	<u>\$ 346,402</u>	<u>\$ 135,041</u>	<u>\$ 3,074,279</u>

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

Outstanding general obligation notes in the amount of \$225,000 relate to a project in 1992, for which notes were issued to purchase and install energy conservation measures. These notes mature December 1, 2002, and are unvoted notes authorized by House Bill 264 which was legislation enacted by the Ohio General Assembly.

On August 12, 1992, the Board of Education authorized the issuance of the notes in the maximum amount of \$535,000. The notes were dated June 1, 1992, for \$535,000 and mature in semi-annual installments through December 1, 2002, with interest payable at 6.40%.



**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 12. General Long-Term Debt (continued)**

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

	Payment	Interest	Principal
FY2000	\$ 73,440	\$ 13,440	\$ 60,000
FY2001	69,600	9,600	60,000
FY2002	75,600	5,600	70,000
FY2003	36,120	1,120	35,000
	<u>\$ 254,760</u>	<u>\$ 29,760</u>	<u>\$ 225,000</u>

Outstanding general obligation notes in the amount of \$189,000 relate to the district's entering into the Ohio School Districts 1997 School Bus Borrowing Program for the acquisition of six (6) school buses. These notes mature April 15, 2002 and are unvoted notes authorized by ORC 3327.08.

On February 27, 1997 the Board of Education authorized the issuance of the notes in the maximum amount of \$300,000. The notes were dated June 1, 1997 for \$300,000 and mature annually through April 15, 2002, with interest payable at 5.2838%.

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

	Payment	Interest	Principal
FY2000	\$ 68,990	\$ 9,990	\$ 59,000
FY2001	69,892	6,892	63,000
FY2002	70,585	3,585	67,000
	<u>\$ 209,467</u>	<u>\$ 20,467</u>	<u>\$ 189,000</u>

Outstanding general obligation notes in the amount of \$315,000 relate to the district's entering into the Ohio School Districts 1999 School Bus Borrowing Program for the acquisition of six (6) school buses. These notes mature April 15, 2004 and are unvoted notes authorized by ORC 3327.08

On June 7, 1999 the Board of Education authorized the issuance of the notes in the maximum amount of \$315,000. The notes were dated June 1, 1999 for \$315,000 and mature annually through April 15, 2004 with interest payable at 5.141145%.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 12. General Long-Term Debt (continued)**

	Payment	Interest	Principal
FY2000	\$ 74,097	\$ 14,097	\$ 60,000
FY2001	73,103	13,103	60,000
FY2002	70,043	10,043	60,000
FY2003	71,953	6,953	65,000
FY2004	73,605	3,605	70,000
	<u>\$ 362,801</u>	<u>\$ 47,801</u>	<u>\$ 315,000</u>

The Ohio Revised Code 133.06 stipulates that the principal amount of a District's unvoted debt may not exceed nine tenths of one percent of its tax valuation, and the total net unvoted debt of the district shall not exceed one percent of the district's tax valuation. The District's energy conservation notes and school bus acquisition notes stand within these statutory limitations as prescribed by ORC 133.06.

**Notes 13. Fixed Assets**

The following is a summary of the Proprietary Funds' fixed assets at June 30, 1999:

Furniture and Fixtures	\$ 433,873
Less Accumulated Depreciation	<u>(180,374)</u>
Net Fixed Assets	<u>\$ 253,499</u>

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

	General Fixed Assets			General Fixed Assets
	July 1, 1998	Additions	Deletions	June 30, 1999
Land	\$ 289,362	\$ 0	\$ 0	\$ 289,362
Improvements Other Than Buildings	40,840	57,768	0	98,608
Buildings	6,965,421	809,175	0	7,774,596
Furniture and Fixtures	4,738,406	782,207	33,849	5,486,764
Vehicles	2,221,814	0	0	2,221,814
Total General Fixed Assets	<u>\$ 14,255,843</u>	<u>\$1,649,150</u>	<u>\$ 33,849</u>	<u>\$ 15,871,144</u>

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 14. Operating Leases**

The District leases several copier machines from various vendors. The following are general descriptions of the lease agreements:

A 60-month lease with Xerox, which began in May 1999. At the end of the lease term, the District has the option to renew the lease on a month-to-month basis or to purchase the copier for \$450. The District does not intend to exercise the purchase option at the end of the lease term.

Two 60-month leases with Comdoc, which both began in 1995. At the end of the lease terms, the District has the option to renew the leases on a month-to-month basis.

A 36-month lease with IKON Capital, which began in March 1998.

A 48-month lease with IOS Capital, which began in August 1995. At the end of the lease term, the District has the option to renew the lease on a month-to-month basis.

The total rental expense for the year ended June 30, 1999 for the various operating leases was \$122,181.

Future minimum payments for leases with remaining lease terms in excess of one year for the years ended June 30 are as follows:

FY2000	\$	100,231
FY2001		54,382
FY2002		2,395
FY2003		2,395
FY2004		2,196
Total	\$	<u>161,599</u>

**Note 15. Jointly Governed Organization**

Northeast Ohio Management Information Network (NEOMIN)

NEOMIN is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts supports NEOMIN based upon a per pupil charge. The District contributed \$61,104 to NEOMIN during fiscal year 1999.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 15. Jointly Governed Organization(continued)**

Superintendents and Treasurers of the participating school districts are eligible to be voting members of the Governing Board which consists of ten voting members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County school districts, and one treasurer from each of the afore named counties. The District was represented on the Governing Board by the District's superintendent and treasurer during fiscal year 1999. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Board of Education, 347 North Park Avenue, Warren, Ohio, 44481.

**Note 16. Segments of Enterprise Activities**

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

	Lunchroom Fund	Uniform Supplies Fund	Total
Operating Revenues	\$ 464,159	\$ 2,217	\$ 466,376
Operating Expenses:			
Depreciation	9,051	0	9,051
Other Expenses	1,460,474	0	1,460,474
Total Operating Expenses	<u>1,469,525</u>	<u>0</u>	<u>1,469,525</u>
Operating Income (loss)	(1,005,366)	2,217	(1,003,149)
Non Operating Revenues and Expenses:			
Transfers In	106,314	0	106,314
Operating Grants	892,154	0	892,154
Other Revenue	113	0	113
Other Expenses	(5,844)	0	(5,844)
Net Income	<u>\$ (12,629)</u>	<u>\$ 2,217</u>	<u>\$ (10,412)</u>
Net Working Capital	<u>\$ (74,632)</u>	<u>\$ 12,743</u>	<u>\$ (61,889)</u>
Total Assets	<u>\$ 439,632</u>	<u>\$ 12,743</u>	<u>\$ 452,375</u>
Total Liabilities	<u>\$ 260,765</u>	<u>\$ 0</u>	<u>\$ 260,765</u>
Total Fund Equity	<u>\$ 178,867</u>	<u>\$ 12,743</u>	<u>\$ 191,610</u>

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 17. School Funding Decision/Subsequent Event**

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 1999, the District received \$15,451,442 of school foundation support for its general fund.

In addition, the Court declared the classroom facilities program unconstitutional because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided grant money to build schools and furnish classrooms. As of June 30, 1999, the District had received a total of \$450,000 under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State legislature in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County has reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the court of Common Pleas to the Ohio Supreme Court. At this time, the Ohio Supreme Court has not rendered an opinion on this issue. The decision of the Court of Common Pleas in Perry County has been stayed by the Ohio Supreme Court, and, as such, school districts are still operating under the laws that the Common Pleas Court declared unconstitutional.

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

**Note 18. Changes in Contributed Capital**

The changes in contributed capital of the district's enterprise funds for the year are accounted for as follows:

	Lunchroom Fund
Contributed capital at beginning of year	\$ 0
Capital grants	31,737
Contributed capital at end of year	<u>\$ 31,737</u>

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 19. Statutory Reserves (HB-412)**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. The District is required by State statute to annually set-aside an amount based on prior year revenues for the purchase of textbooks, and other instructional materials, and an additional amount for capital improvements. Amounts not spent by year end or offset by similarly restricted resources must be held in cash at year end and carried forward to be used for the same purposes in future years. Amounts are also to be set aside for budget stabilization if the district's base amount used for the yearly set-aside calculation increases three percent or more from the prior year. This amount is to be included in the budget stabilization reserve.

During the fiscal year ended June 30, 1999, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/1998	\$ 0	\$ 0	\$ 318,201	\$ 318,201
Required Set Aside	363,197	363,197	0	726,394
Offset Credits	(72,740)	(363,197)	0	(435,937)
Qualifying Expenditures	(282,662)	0	0	(282,662)
Balance, 6/30/1999	<u>\$ 7,795</u>	<u>\$ 0</u>	<u>\$ 318,201</u>	<u>\$ 325,996</u>

Expenditures in the Textbook Reserve were \$282,662 plus encumbrances totaling \$133,141. In the Capital Maintenance Reserve, expenditures were \$619,375, which exceeded the required set aside.

**Note 20. Year 2000 Issue**

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

The District has completed an inventory of computer systems and other equipment necessary to conducting District operations and has identified such systems as being financial reporting, budgetary, payroll and employee benefits, and educational statistics reporting (through the State's Education Management and

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 20. Year 2000 Issue(continued)**

Information System (EMIS)). The District utilizes the Northeast Ohio Management Information Network (NEOMIN), a computer service organization, which provides the District with the accounting, financial reporting, budgetary, payroll and employee benefits, and educational statistics reporting.

NEOMIN utilizes Snyder & Associates software for its accounting, financial reporting, budgetary, payroll and employee benefits. Snyder & Associates is responsible for remediating these systems.

Property tax billing, collection and remittance for the District is handled by Ashtabula County. The County is responsible for remediating this system, and is solely responsible for any associated costs.

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

To the best of management's knowledge and belief, as of January 5, 2000, the District experienced no interruption of operations or services related to the Year 2000 issue. However, because of the unprecedented nature of the Year 2000 issue, matters may yet arise, and parties with whom the District does business may also experience Year 2000 readiness issues that are, as yet, unknown.

**Note 21. Workers' Compensation Group Rating Program**

The District participates in the Ohio Schools Council Group Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool. The Ohio Schools Council's business and affairs are conducted by a seven (7) member board of directors consisting of Chairman, Vice-Chairman, Past Chairman, GCSSA Treasurer, and three (3) Directors. The Executive Secretary/Treasurer of the Ohio Schools Council serves as the coordinator of the program. Each year, the participating school districts pay an enrollment fee to the Ohio Schools Council to cover the costs of administering the program.

The intent of the Ohio Schools Council GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Integrated Consultant Services provides third party administrator services, cost control and actuarial services to the group. Careworks, Inc. serves as the manage care organization to administer medical only claims.

**Ashtabula Area City School District**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**Note 22. Deficit Balances**

The following fund had a deficit fund balance as of June 30, 1999:

*Capital Project Fund*

Emergency Building Repair	\$ 29,695
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ASHTABULA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR FISCAL YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U. S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program(A)	10.550	N/A	\$ -	\$ 62,911	\$ -	\$ 63,214
School Breakfast Program	10.553	043513	145,380	-	145,380	-
National School Lunch Program	10.555	043513	601,263	-	601,263	-
Total U.S. Department of Agriculture – Nutrition Cluster			<u>746,643</u>	<u>62,911</u>	<u>746,643</u>	<u>63,214</u>
<b><u>U. S. DEPARTMENT OF LABOR</u></b>						
<i>Passed through Ohio Bureau of Employment Services:</i>						
<i>Passed through Ohio School-To-Work Region XII:</i>						
School-to-Work Program	17.249		23,836	-	23,836	-
	17.249		700	-	700	-
			<u>24,536</u>	<u>-</u>	<u>24,536</u>	<u>-</u>

See accompanying notes to the Schedule of Federal Awards.

ASHTABULA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR FISCAL YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b>U. S. DEPARTMENT OF EDUCATION</b>						
<i>Direct Program:</i>						
Impact Aid	84.041	N/A	6,073	-	6,073	-
<i>Passed through Ohio Department of Education:</i>						
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	84.027	043513-6B-SF-98P	74,853	-	57,876	-
	84.027	043513-6B-SF-99P	308,010	-	242,351	-
			382,863	-	300,227	-
Special Education – Preschool Grant	84.173	043513-PG-S1-98P	11,372	-	12,707	-
	84.173	043513-PG-S1-99P	30,420	-	25,922	-
			41,792	-	38,629	-
Total Special Education Cluster			424,655	-	338,856	-
Grants to Local Educational Agencies (ESEA Title I)	84.010	043513-C1-S1-98A	292,315	-	324,177	-
	84.010	043513-C1-S1-98C	201,866	-	201,866	-
	84.010	043513-C1-S1-99A	1,272,188	-	1,025,232	-
			1,766,369	-	1,551,275	-
Eisenhower Professional Development State Grant	84.281	043513-MS-S1-97C	6,845	-	272	-
	84.281	043513-MS-S1-98A	3,820	-	8,428	-
	84.281	043513-MS-S1-98C	20,829	-	5,371	-
	84.281	043513-MS-S1-99A	34,411	-	33,373	-
			65,905	-	47,444	-

See accompanying notes to the Schedule of Federal Awards.

ASHTABULA AREA CITY SCHOOL DISTRICT  
ASHTABULA COUNTY  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS (Continued)  
FOR FISCAL YEAR ENDED JUNE 30, 1999

Federal Grantor/ Pass Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Innovative Educational Program Strategies	84.298	043513-C2-S1-97C	-	-	490	-
	84.298	043513-C2-S1-98A	4,970	-	8,961	-
	84.298	043513-C2-S1-98C	10,958	-	7,808	-
	84.298	043513-C2-S1-99A	27,442	-	15,450	-
			<u>43,370</u>	-	<u>32,709</u>	-
Goals 2000 – State and Local Educational Systematic Improvement Grant	84.276	043513-G2-S2-97	-	-	2,953	-
	84.276	043513-G2-S1-99P	64,500	-	54,412	-
			<u>64,500</u>	-	<u>57,365</u>	-
Drug-Free Schools Grant	84.186	043513-DR-S1-97C	-	-	304	-
	84.186	043513-DR-S1-98A	8,938	-	10,120	-
	84.186	043513-DR-S1-98C	11,029	-	8,848	-
	84.186	043513-DR-S1-99A	28,764	-	24,408	-
	84.186	043513-DR-S1-99C	11,374	-	925	-
			<u>60,105</u>	-	<u>44,605</u>	-
<i>Passed Through Ashtabula County Joint Vocational School:</i>						
Vocational Education – Basic Grants to States	84.048	VED-NN	1,049	-	1,049	-
	84.048	VED-NN-98	-	-	1,304	-
	84.048	VED-NN-99	6,576	-	5,920	-
			<u>7,625</u>	-	<u>8,273</u>	-
Total U. S. Department of Education			<u>2,438,602</u>	-	<u>2,086,600</u>	-
Total Federal Assistance			<u>\$ 3,209,781</u>	<u>\$ 62,911</u>	<u>\$ 2,857,779</u>	<u>\$ 63,214</u>

(A) The Food Distribution Program is a non-cash, in-kind, federal grant.

See accompanying notes to the Schedule of Federal Awards.

ASHTABULA AREA CITY SCHOOL DISTRICT  
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 1999

1. General

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal financial award programs of the District. The District's reporting entity is defined in Note 1 to the District's general-purpose financial statements. Federal awards received directly from federal agencies, as well as federal awards assistance passed through other government agencies, are included on the schedule.

2. Basis of Accounting

The accompanying Schedule of Expenditures of Federal Awards is presented on the basis of cash receipts and disbursements. Under this accounting method, revenue is recognized when received in cash and expenditures are recognized when paid.

3. Non-cash Support

The District receives non-cash support in the form of food subsidies from the National School Lunch Program (NSLP), CFDA 10.550. The value of the food subsidies is determined by using the fair market value of the food items as quoted by local food suppliers at June 30, 1999, the District had commodities totaling \$22,717 in inventory.

# SNODGRASS

Certified Public Accountants and Consultants

## REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Board of Education  
Ashtabula Area City School District  
Ashtabula, Ohio

We have audited the financial statements of Ashtabula Area City School District (the "District") as of and for the year ended June 30, 1999, and have issued our report thereon dated January 5, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

### Compliance

As part of obtaining reasonable assurance about whether the District's general-purpose 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*. However, we noted certain immaterial instances of noncompliance that we have reported to the management of the District in a separate letter dated January 5, 2000.

### Internal Control Over Financial Reporting

In planning and performing our audit, we considered Ashtabula Area City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general-purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the general-purpose financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting, which we have reported to management of the District in a separate letter dated January 5, 2000.

This report is intended solely for the information and use of management and the Board of Education of Ashtabula Area City School District, 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.

*J. R. Inodgrass, A.C*

Ashtabula, Ohio  
January 5, 2000

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

Board of Education  
Ashtabula Area City School District  
Ashtabula, Ohio

### Compliance

We have audited the compliance of Ashtabula Area City School District (the "District") with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 1999. Ashtabula Area City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of 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 with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about 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 of the District's compliance with those requirements.

In our opinion, Ashtabula Area City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999. However, the results of our audit procedures disclosed an instance of noncompliance which is required to be reported in accordance with OMB Circular A-133 and which is described in the accompanying schedule of findings and questioned costs as item 99-2. We also noted other

immaterial instances of noncompliance, which we have reported to management of the District in a separate letter dated January 5, 2000.

### Internal Control Over Compliance

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

We noted a matter involving the internal control over compliance and its operation that we consider to be a reportable condition. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with the applicable requirements of laws, regulations, contracts, and grants. The reportable condition is described in accompanying schedule of findings and questioned costs as item 99-2.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that the reportable condition described above is not a material weakness. We also noted other matters involving the internal control over compliance and its operation, which we have reported to management of the District in a separate letter dated January 5, 2000.

This report is intended solely for the information and use of management and the Board of Education of Ashtabula Area City School District, 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.

Ashtabula, Ohio  
January 5, 2000



Ashtabula Area City School District  
 SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
 For The Year Ended June 30, 1999

Section I – Summary of Auditor’s Results

Financial Statements

Type of auditor’s report issued: **Unqualified**

Internal control over financial reporting:

- Material weakness(es) identified?       yes   X  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?       yes   X  none reported

Noncompliance material to financial statements noted?       yes   X  no

Federal Awards

Internal control over major programs:

- Material weakness(es) identified?       yes   X  no
- Reportable condition(s) identified that are not considered to be material weakness(es)?   X  yes       none reported

Type of auditor’s report issued on compliance **Unqualified**

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133?   X  yes       no

Identification of major programs:

<p><i>CFDA Numbers</i>          10.550, 10.553, 10.555          84.027, 84.173          84.010</p>	<p><i>Name of Federal Program or Cluster</i>          Nutrition Cluster          Special Education Cluster          Title I Grants to Local Educational Agencies</p>
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Dollar threshold used to distinguish between type A and B programs:   \$ 300,000  

Auditee qualified as low-risk auditee?   X  yes       no

Ashtabula Area City School District  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For The Year Ended June 30, 1999

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Section II – Financial Statement Findings

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None noted to report

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Section III – Federal Award Findings and Questioned Costs

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U. S. DEPARTMENT OF EDUCATION

- 99-1 Special Education Cluster, Preschool Grant - CFDA No. 84.173; Pass-through Ohio Department of Education; Entity Number -43513-PG-S1-98; Grant period - year ended September 30, 1998.

Reportable Condition

Criteria: The *OMB Circular A-133 Compliance Supplement* contains a requirement relating to the period of availability of federal funds. A Local Educational Agency (LEA) must obligate federal program funds during the period for which the funds were available for obligation and expenditure. For the acquisition of real or personal property, the obligation is made on the date on which the LEA makes a binding written commitment to acquire the property. A purchase order that has not been mailed is not considered a binding written commitment and therefore an obligation in accordance with federal requirements.

Condition: In the Preschool grant (part of the Special Education cluster), a purchase order was issued and dated at the end of the authorized spending period (i.e. the plan year). It was not possible to determine when the purchase order was mailed. The vendor's invoice contained an order date in the middle of the subsequent month.

Effect of Condition: Questionable or disallowed costs could be the result of purchases made in this manner.

Questioned Costs: None

Cause of Condition: District personnel were not aware of this. The State has only stressed getting the purchase orders prepared not that they must be mailed in order to create a binding agreement.

Ashtabula Area City School District  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For The Year Ended June 30, 1999

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99-1 (Continued)

Perspective Information: The cost was minor and it was an isolated case.

Recommendation: A policy should be implemented to require that all purchases being made for this type of grant must be made in time to have the items ordered, i.e. purchase order mailed and received by the vendor, before the grant funding is ended. An invoice showing an order date prior to the end of the grant funding is preferable.

Response: The Treasurer's Office and the program administrator were under the impression (from State sponsored seminars) that the funds were obligated when the Purchase Order was completed. This will be investigated and corrected.

99-2 Title I Grants to Local Educational Agencies - CFDA No. 84.010; Pass-through the Ohio Department of Education; Entity Number 043513-C1-S1-99; Grant period - year ended September 30, 1999.

Criteria: The OMB Circular No. A-87 *Cost Principles for State, Local and Indian Tribal Governments* requires that when employees work on multiple activities or cost objectives, a distribution of their salaries and wages will be supported by personnel activity reports or equivalent documentation, which reflect an after-the-fact distribution of the actual activity of each employee. The report will be prepared at least monthly and must coincide with one or more pay periods and must be signed by the employee. Budget estimates or other distribution percentages determined before the services are performed do not qualify as support for charges to Federal awards.

Condition: In a test of Title I expenditures it was determined that wages for one employee were allocated to the Title I program and other activities based on an estimated allocation percentage. The employee's time record supported an allocation of 6.02 percent, but 35 percent was charged to the grant.

Questioned Costs: Known questioned costs total \$17,388. These were computed by multiplying the individual's salary times the difference between the allocated percentage (35%) and the actual percentage (6.02%) for documented Title I time.

Perspective Information: Other personnel charged to the program were reviewed and this does not appear to be a material event.

Effect of Condition: Questioned costs for Title I, which could be disallowed.

Ashtabula Area City School District  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS (Continued)  
For The Year Ended June 30, 1999

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99-2 (Continued)

Cause of Condition: A new person was added to the program. Program personnel and the Treasurer's Office did not know that actual time was going to be much less than actual.

Recommendation: Time records should be kept for anyone being allocated among grant and/or other school programs. The Treasurer's Office should require that the necessary time documentation be submitted on a monthly or quarterly basis and adjust the allocation of wages charged to the program, accordingly.

Response: The grant employee was unaware of the requirement. The Treasurer agreed with the finding and said she was unaware of the problem. She thought that more time was being spent on the program than actually was.

FORM SF-SAC  
(8-97)U.S. DEPARTMENT OF COMMERCE - BUREAU OF THE CENSUS  
ACTING AS COLLECTING AGENT FOR  
OFFICE OF MANAGEMENT AND BUDGETData Collection Form for Reporting on  
AUDITS OF STATES, LOCAL GOVERNMENTS, AND NON-PROFIT ORGANIZATIONS

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

RETURN TO

Single Audit Clearinghouse  
1201 E. 10th Street  
Jeffersonville, IN 47132**PART I** GENERAL INFORMATION (To be completed by auditee, except for Item 7)

1. Fiscal Year ending date for this submission Month Day Year 06/30/1999		2. Type of Circular A-133 audit 1 <input checked="" type="checkbox"/> Single audit 2 <input type="checkbox"/> Program-specific audit	
3. Audit period covered 1 <input checked="" type="checkbox"/> Annual 2 <input type="checkbox"/> Biennial 3 <input type="checkbox"/> Other - Months		FEDERAL GOVERNMENT USE ONLY	4. Date received by Federal clearinghouse

5. Employer Identification Number (EIN)  
a. Auditee EIN 346005875 b. Are multiple EINs covered in this report? 1  Yes 2  No

6. AUDITEE INFORMATION		7. AUDITOR INFORMATION (To be completed by auditor)	
a. Auditee name Ashtabula Area City School District		a. Auditor name S. R. Snodgrass, A. C.	
b. Auditee address (Number and street) 401 W. 44th Street		b. Auditor address (Number and street) 4134 Park Avenue	
City Ashtabula		City Ashtabula	
State Oh		State Oh	
ZIP Code 44004-		ZIP Code 44004	
c. Auditee contact Name Darlene R. Farren		c. Auditor contact Name Roger A. Corlett	
Title Treasurer		Title Vice President	
d. Auditee contact telephone (440)993-2505		d. Auditor contact telephone (440)993-2142	
e. Auditee contact FAX (Optional)		e. Auditor contact FAX (Optional) (440)992-7997	
f. Auditee contact E-mail (Optional)		f. Auditor contact E-mail (Optional)	

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

Signature of certifying official

Date

Month Day Year



2/11/00

Name/Title of certifying official  
Darlene R. Farren / Treasurer

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

Signature of auditor

Date

Month Day Year



2/15/00

**PART I GENERAL INFORMATION - Continued**

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

- 1  Cognizant agency    2  Oversight agency

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

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

**PART II FINANCIAL STATEMENTS (To be completed by auditor)**

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

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

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

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

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

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

**PART III FEDERAL PROGRAMS (To be completed by auditor)**

1. Type of audit report on major program compliance

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

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

3. Did the auditee qualify as a low-risk auditee (§\_\_\_.530)?  
1  Yes    2  No

4. Are there any audit findings required to be reported under §\_\_\_.510(a)?  
1  Yes    2  No

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

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

**PART III FEDERAL PROGRAMS - Continued**

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number <sup>1</sup> (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement <sup>2</sup> (b)	Amount of questioned costs (c)	Internal control findings <sup>3</sup> (d)	Audit finding reference number(s) (e)
10.550	Food Distribution	\$ 63,214	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.553	School Breakfast Program	\$ 145,380	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
10.555	National School Lunch Program	\$ 601,263	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
17.249	Employment Services and Job Training_Pilot and	\$ 24,536	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.041	Impact Aid	\$ 6,073	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.027	Special Education_Grants to States	\$ 300,227	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.173	Special Education_Preschool Grants	\$ 38,629	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	H	\$ N/A	1 <input type="checkbox"/> A <input type="checkbox"/> C 2 <input checked="" type="checkbox"/> B	99-1
84.010	Title I Grants to Local Educational Agencies	\$ 1,551,275	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	B	\$ 17,388	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	99-2
84.281	Eisenhower Professional Development State Grants	\$ 47,444	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.298	Innovative Education Program Strategies	\$ 32,709	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
<b>TOTAL FEDERAL AWARDS EXPENDED -&gt;</b>		<b>\$ Continued</b>	<b>IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS</b>				

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

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

- A. Activities allowed or unallowed
- B. Allowable costs/cost principles
- C. Cash management
- D. Davis - Bacon Act
- E. Eligibility
- F. Equipment and real property management

- G. Matching, level of effort, earmarking
- H. Period of availability of funds
- I. Procurement
- J. Program income
- K. Real property acquisition and relocation assistance

- L. Reporting
- M. Subrecipient monitoring
- N. Special tests and provisions
- O. None

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

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

**PART III FEDERAL PROGRAMS - Continued**

**6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR**

**7. AUDIT FINDINGS AND QUESTIONED COSTS**

CFDA number <sup>1</sup> (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement <sup>2</sup> (b)	Amount of questioned costs (c)	Internal control findings <sup>3</sup> (d)	Audit finding reference number(s) (e)
84.276	Goals 2000_State and Local Education Systemic Improvement	\$ 57,365	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.186	Safe and Drug-Free Schools and Communities_State Grants	\$ 44,605	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
84.048	Vocational Education_Basic Grants to States	\$ 8,273	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	\$ N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> C 2 <input type="checkbox"/> B	N/A
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	
		\$	1 <input type="checkbox"/> Yes 2 <input type="checkbox"/> No		\$	1 <input type="checkbox"/> A 3 <input type="checkbox"/> C 2 <input type="checkbox"/> B	

**TOTAL FEDERAL AWARDS EXPENDED ->** \$ 2,920,993

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

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

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

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

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

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





**STATE OF OHIO  
OFFICE OF THE AUDITOR**

**JIM PETRO, AUDITOR OF STATE**

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Facsimile 614-466-4490

**ASHTABULA AREA CITY SCHOOL DISTRICT**

**ASHTABULA COUNTY**

**CLERK'S CERTIFICATION**

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

By: *Susan Babbitt*

Date: MARCH 16, 2000