



**INDIAN CREEK LOCAL SCHOOL DISTRICT
JEFFERSON COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 1999



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

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REPORT OF INDEPENDENT ACCOUNTANTS

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Indian Creek Local 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 funds for the year then ended in conformity with generally accepted accounting principles.

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

In accordance with *Government Auditing Standards*, we have also issued our report dated February 11, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants.

A handwritten signature in black ink, appearing to read "Jim Petro", with a large, sweeping flourish that loops back under the name.

Jim Petro
Auditor of State

February 11, 2000

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

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
ASSETS AND OTHER DEBITS				
Assets:				
Equity in pool cash and investments	\$1,588,509	\$572,066	-	\$139,362
Cash in segregated accounts	-	-	-	-
Cash with fiscal agents	-	-	-	-
Restricted cash and cash equivalents	325,000	-	-	-
Receivables:				
Taxes	7,118,157	-	-	-
Accounts	4,328	634	-	-
Accrued interest	5,994	-	-	-
Interfund receivable	74,785	-	-	-
Due from other governments	1,208	-	-	-
Prepaid items	117,139	-	-	-
Inventory	3,597	-	-	-
Inventory held for resale	-	-	-	-
Fixed assets (Net, where applicable, of accumulated depreciation)	-	-	-	-
Other Debits:				
Amount to be provided from general government resources	-	-	-	-
Total Assets and Other Debits	<u>9,238,717</u>	<u>572,700</u>	<u>-</u>	<u>139,362</u>
LIABILITIES, FUND EQUITY AND OTHER CREDITS				
Liabilities:				
Accounts payable	94,283	19,887	-	-
Accrued wages and benefits	395,334	91,676	-	-
Compensated absences payable	21,480	303	-	-
Pension obligation payable	211,106	9,585	-	-
Capital lease payable	-	-	-	-
Asbestos removal loan payable	-	-	-	-
Claim payable	-	-	-	-
Interfund payable	-	67,313	-	-
Due to other governments	31,653	4,100	-	-
Deferred revenue	5,126,421	-	-	-
Due to students	-	-	-	-
Total Liabilities	5,880,277	192,864	-	-
Fund Equity and Other Credits:				
Investment in General Fixed Assets	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	361,973	59,852	-	60,800
Reserved for inventory	3,597	-	-	-
Reserved for property taxes	1,991,736	-	-	-
Reserved for prepaid items	117,139	-	-	-
Reserved for principle endowment	-	-	-	-
Reserved for budget stabilization	325,000	-	-	-
Unreserved:				
Designated	-	-	-	-
Undesignated	558,995	319,984	-	78,562
Total Fund Equity and Other Credits	<u>3,358,440</u>	<u>379,836</u>	<u>-</u>	<u>139,362</u>
Total Liabilities, Fund Equity and Other Credits	<u>\$9,238,717</u>	<u>\$572,700</u>	<u>-</u>	<u>\$139,362</u>

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

<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Types</u>	<u>Account Groups</u>		<u>Total (Memorandum Only)</u>
<u>Enterprise</u>	<u>Internal Service</u>	<u>Trust and Agency</u>	<u>General Fixed Assets</u>	<u>General Long-Term Obligations</u>	
\$68,273	-	\$73,547	-	-	\$2,441,757
-	-	37,513	-	-	37,513
-	370,332	-	-	-	370,332
-	-	-	-	-	325,000
-	-	-	-	-	7,118,157
-	-	-	-	-	4,962
-	-	-	-	-	5,994
-	-	-	-	-	74,785
-	-	-	-	-	1,208
-	-	-	-	-	117,139
-	-	-	-	-	3,597
4,087	-	-	-	-	4,087
-	-	-	32,780,861	-	32,780,861
-	-	-	-	1,257,742	1,257,742
<u>72,360</u>	<u>370,332</u>	<u>111,060</u>	<u>32,780,861</u>	<u>1,257,742</u>	<u>44,543,134</u>
6,174	-	2,253	-	-	122,597
35,537	-	-	-	-	522,547
83,964	-	-	-	971,422	1,077,169
9,939	-	-	-	88,418	319,048
-	-	-	-	47,787	47,787
-	-	-	-	150,115	150,115
-	228,858	-	-	-	228,858
-	-	7,472	-	-	74,785
4,319	-	-	-	-	40,072
4,087	-	-	-	-	5,130,508
-	-	52,983	-	-	52,983
144,020	228,858	62,708	-	1,257,742	7,766,469
-	-	-	32,780,861	-	32,780,861
(71,660)	141,474	-	-	-	69,814
-	-	-	-	-	482,625
-	-	-	-	-	3,597
-	-	-	-	-	1,991,736
-	-	-	-	-	117,139
-	-	30,000	-	-	30,000
-	-	-	-	-	325,000
-	-	11,839	-	-	11,839
-	-	6,513	-	-	964,054
<u>(71,660)</u>	<u>141,474</u>	<u>48,352</u>	<u>32,780,861</u>	<u>-</u>	<u>36,776,665</u>
<u>\$72,360</u>	<u>\$370,332</u>	<u>\$111,060</u>	<u>\$32,780,861</u>	<u>\$1,257,742</u>	<u>\$44,543,134</u>

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

	Governmental Fund Types				Fudiciary Fund Types	Total
	General	Special Revenue	Debt Service	Capital Projects	Expendable Trust	(Memorandum Only)
Revenues:						
Taxes	\$7,371,295	-	-	-	-	\$7,371,295
Intergovernmental	5,571,879	\$1,630,438	-	\$85,488	-	7,287,805
Interest	125,236	-	-	-	-	125,236
Tuition and fees	5,639	-	-	-	\$14,930	20,569
Classroom materials and fees	5,526	4,628	-	-	-	10,154
Transportation fees	2,650	-	-	-	-	2,650
Extracurricular activities	3,197	156,719	-	-	-	159,916
Miscellaneous	95,013	51,197	-	83,183	13,981	243,374
Total Revenues	13,180,435	1,842,982	-	168,671	28,911	15,220,999
Expenditures:						
Instruction						
Regular	5,349,253	601,517	-	19,347	17,613	5,987,730
Special	897,481	295,920	-	-	-	1,193,401
Vocational	143,218	18,134	-	-	-	161,352
Adult/Continuing	-	2,325	-	-	4,650	6,975
Other	107,900	-	-	-	-	107,900
Support Services						
Pupils	196,029	85,322	-	-	-	281,351
Instructional staff	378,942	305,082	-	81,666	-	765,690
Board of education	14,027	-	-	-	-	14,027
Administration	1,788,517	80,473	-	-	-	1,868,990
Fiscal	230,924	2,147	-	-	-	233,071
Operation and maintenance of plant	1,616,904	1,941	-	-	-	1,618,845
Pupil transportation	641,992	1,861	-	151,179	-	795,032
Central	-	31,037	-	-	-	31,037
Operation of non-instructional services	-	252,193	-	-	-	252,193
Extracurricular activities	183,633	148,708	-	-	-	332,341
Capital Outlay	28,766	-	-	688,248	-	717,014
Debt Service						
Principal retirement	42,146	-	\$13,054	-	-	55,200
Interest and fiscal charges	5,789	-	-	-	-	5,789
Total Expenditures	11,625,521	1,826,660	13,054	940,440	22,263	14,427,938
Excess of Revenues Over/(Under) Expenditures	1,554,914	16,322	(13,054)	(771,769)	6,648	793,061
Other Financing Sources/(Uses):						
Refund of prior year expenditures	17,020	-	-	-	-	17,020
Operating transfers - in	-	649	13,054	540,000	1,000	554,703
Operating transfers - out	(620,133)	-	-	-	-	(620,133)
Total Other Financing Sources/(Uses)	(603,113)	649	\$13,054	540,000	1,000	(48,410)
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	951,801	16,971	-	(231,769)	7,648	744,651
Fund Balance/(Deficit) - July 1	2,406,639	362,865	-	371,131	4,191	3,144,826
Fund Balance - June 30	\$3,358,440	\$379,836	-	\$139,362	\$11,839	\$3,889,477

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

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

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Taxes	7,389,180	7,470,565	81,385	-	-	-
Tuition	1,297	1,311	14	-	-	-
Transportation fees	2,621	2,650	29	-	-	-
Earnings on investments	117,943	119,242	1,299	-	-	-
Extracurricular activities	1,967	1,989	22	162,610	156,719	(5,891)
Classroom materials and fees	5,466	5,526	60	4,802	4,628	(174)
Intergovernmental	5,513,276	5,574,000	60,724	1,691,730	1,630,438	(61,292)
Miscellaneous	96,402	97,464	1,062	52,464	50,563	(1,901)
Total Revenues	13,128,152	13,272,747	144,595	1,911,606	1,842,348	(69,258)
Expenditures:						
Instruction						
Regular	7,296,511	6,133,143	1,163,368	921,557	619,955	301,602
Special	1,215,962	979,020	236,942	401,173	335,418	65,755
Vocational education	326,000	166,781	159,219	33,747	18,534	15,213
Adult/Continuing	-	-	-	2,789	2,325	464
Other instruction	110,000	107,900	2,100	-	-	-
Support Services						
Pupils	310,051	223,638	86,413	107,586	78,697	28,889
Instructional support	602,737	437,846	164,891	435,580	315,759	119,821
Board of education	25,364	14,081	11,283	63,901	-	63,901
Administration	2,011,159	1,813,623	197,536	122,066	76,607	45,459
Fiscal	296,003	224,214	71,789	11,674	2,352	9,322
Operation and maintenance of plant	1,830,289	1,747,467	82,822	27,052	1,941	25,111
Pupil transportation	805,713	706,794	98,919	249,052	8,950	240,102
Central	-	-	-	137,344	31,037	106,307
Operation of non-instructional services	-	-	-	372,286	300,437	71,849
Extracurricular activities	246,775	187,102	59,673	349,898	160,837	189,061
Capital outlay	34,283	28,766	5,517	-	-	-
Debt Service						
Principal payments	42,146	42,146	-	-	-	-
Interest and fiscal charges	7,821	7,821	-	-	-	-
Total Expenditures	15,160,814	12,820,342	2,340,472	3,235,705	1,952,849	1,282,856
Excess of Revenues Over/ (Under) Expenditures	(2,032,662)	452,405	2,485,067	(1,324,099)	(110,501)	1,213,598
Other Financing Sources/(Uses):						
Transfers in	-	-	-	673	649	(24)
Transfers out	(580,000)	(620,133)	(40,133)	(1,800)	-	1,800
Advances in	22,189	22,433	244	36,929	35,591	(1,338)
Advances out	-	(40,591)	(40,591)	(38,688)	(22,433)	16,255
Contingencies	(50,000)	-	50,000	-	-	-
Refund of prior year expenditures	16,835	17,020	185	-	-	-
Total Other Financing Sources/(Uses)	(590,976)	(621,271)	(30,295)	(2,886)	13,807	16,693
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(2,623,638)	(168,866)	2,454,772	(1,326,985)	(96,694)	1,230,291
Fund Balance/(Deficit) July 1	1,663,354	1,663,354	-	421,232	421,232	-
Prior year encumbrances appropriated	568,079	568,079	-	171,693	171,693	-
Fund Balance/(Deficit) June 30	(\$392,205)	\$2,062,567	\$2,454,772	(\$734,060)	\$496,231	\$1,230,291

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

	Debt Service Fund			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Taxes	-	-	-	-	-	-
Tuition	-	-	-	-	-	-
Transportation fees	-	-	-	-	-	-
Earnings on investments	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Classroom materials and fees	-	-	-	-	-	-
Intergovernmental	-	-	-	-	-	-
Miscellaneous	-	-	-	\$120,027	\$85,488	(\$34,539)
	-	-	-	116,790	83,183	(33,607)
Total Revenues	-	-	-	236,817	168,671	(68,146)
Expenditures:						
Instruction						
Regular	-	-	-	-	-	-
Special	-	-	-	6,551	19,347	(12,796)
Vocational education	-	-	-	-	-	-
Adult/Continuing	-	-	-	-	-	-
Other instruction	-	-	-	-	-	-
Support Services	-	-	-	-	-	-
Pupils						
Instructional support	-	-	-	-	-	-
Board of education	-	-	-	43,490	81,666	(38,176)
Administration	-	-	-	-	-	-
Fiscal	-	-	-	-	-	-
Operation and maintenance of plant	-	-	-	-	-	-
Pupil transportation	-	-	-	-	-	-
Central	-	-	-	204,065	151,179	52,886
Operation of non-instructional services	-	-	-	-	-	-
Extracurricular activities	-	-	-	-	-	-
Capital outlay	-	-	-	-	-	-
Debt Service:	-	-	-	873,150	751,548	121,602
Principal payments	-	-	-	-	-	-
Interest and fiscal charges	\$15,000	\$13,054	\$1,946	-	-	-
Total Expenditures	15,000	13,054	1,946	1,127,256	1,003,740	123,516
Excess of Revenues Over/ (Under) Expenditures	(15,000)	(13,054)	1,946	(890,439)	(835,069)	55,370
Other Financing Sources/(Uses):						
Transfers in	-	13,054	13,054	758,170	540,000	(218,170)
Transfers out	-	-	-	-	-	-
Advances in	-	-	-	-	-	-
Advances out	-	-	-	-	-	-
Contingencies	-	-	-	-	-	-
Refund of prior year expenditures	-	-	-	-	-	-
Total Other Financing Sources/(Uses)	-	13,054	13,054	758,170	540,000	(218,170)
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(15,000)	-	15,000	(132,269)	(295,069)	(162,800)
Fund Balance/(Deficit) July 1	-	-	-	989	989	-
Prior year encumbrances appropriated	-	-	-	372,642	372,642	-
Fund Balance/(Deficit) June 30	<u>(\$15,000)</u>	<u>-</u>	<u>\$15,000</u>	<u>\$241,362</u>	<u>\$78,562</u>	<u>(\$162,800)</u>

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

	Expendable Trust Fund			Totals - (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable/ (Unfavorable)	Revised Budget	Actual	Variance Favorable/ (Unfavorable)
Revenues:						
Taxes	-	-	-	\$7,389,180	\$7,470,565	\$81,385
Tuition	-	-	-	1,297	1,311	14
Transportation fees	-	-	-	2,621	2,650	29
Earnings on investments	-	-	-	117,943	119,242	1,299
Extracurricular activities	\$11,007	\$14,931	\$3,924	175,584	173,639	(1,945)
Classroom materials and fees	-	-	-	10,268	10,154	(114)
Intergovernmental	-	-	-	7,325,033	7,289,926	(35,107)
Miscellaneous	10,307	13,981	3,674	275,963	245,191	(30,772)
Total Revenues	21,314	28,912	7,598	15,297,889	15,312,678	14,789
Expenditures:						
Instruction						
Regular	29,918	18,423	11,495	8,254,537	6,790,868	1,463,669
Special	-	-	-	1,617,135	1,314,438	302,697
Vocational education	-	-	-	359,747	185,315	174,432
Adult/Continuing	3,982	3,550	432	6,771	5,875	896
Other instruction	-	-	-	110,000	107,900	2,100
Support Services						
Pupils	-	-	-	417,637	302,335	115,302
Instructional support	-	-	-	1,081,807	835,271	246,536
Board of education	-	-	-	89,265	14,081	75,184
Administration	-	-	-	2,133,225	1,890,230	242,995
Fiscal	-	-	-	307,677	226,566	81,111
Operation and maintenance of plant	-	-	-	1,857,341	1,749,408	107,933
Pupil transportation	-	-	-	1,258,830	866,923	391,907
Central	-	-	-	137,344	31,037	106,307
Operation of non-instructional services	-	-	-	372,286	300,437	71,849
Extracurricular activities	-	-	-	596,673	347,939	248,734
Capital outlay	-	-	-	907,433	780,314	127,119
Debt Service						
Principal payments	-	-	-	57,146	55,200	1,946
Interest and fiscal charges	-	-	-	7,821	7,821	-
Total Expenditures	33,900	21,973	11,927	19,572,675	15,811,958	3,760,717
Excess of Revenues Over/ (Under) Expenditures	(12,586)	6,939	19,525	(4,274,786)	(499,280)	3,775,506
Other Financing Sources/(Uses):						
Transfers in	737	1,000	263	759,580	554,703	(204,877)
Transfers out	-	-	-	(581,800)	(620,133)	(38,333)
Advances in	2,949	4,000	1,051	62,067	62,024	(43)
Advances out	-	-	-	(38,688)	(63,024)	(24,336)
Contingencies	-	-	-	(50,000)	-	50,000
Refund of prior year expenditures	-	-	-	16,835	17,020	185
Total Other Financing Sources/(Uses)	3,686	5,000	1,314	167,994	(49,410)	(217,404)
Excess of Revenues, Other Financing Sources Over/(Under) Expenditures and Other Financing Uses	(8,900)	11,939	20,839	(4,106,792)	(548,690)	3,558,102
Fund Balance/(Deficit) July 1	4,964	4,964	-	2,462,192	2,462,192	-
Prior year encumbrances appropriated	400	400	-	966,534	818,734	-
Fund Balance/(Deficit) June 30	(\$3,536)	\$17,303	\$20,839	(\$678,066)	\$2,732,236	\$3,558,102

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

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-expendable Trust</u>	
Operating revenues:				
Food services	\$229,503	-	-	\$229,503
Tuition and fees	19,940	-	-	19,940
Classroom materials and fees	46,094	-	-	46,094
Charge for services	-	\$1,546,780	-	1,546,780
Interest	-	-	\$1,610	1,610
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Revenues	295,537	1,546,780	1,610	1,843,927
Operating expenses:				
Salaries	149,222	-	-	149,222
Fringe benefits	134,876	59,101	-	193,977
Purchased services	275,017	-	-	275,017
Materials and supplies	205,311	-	-	205,311
Claims	-	1,461,275	-	1,461,275
Other operating expenses	-	-	2,000	2,000
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	764,426	1,520,376	2,000	2,286,802
Operating Income/(Loss)	(468,889)	26,404	(390)	(442,875)
Nonoperating revenues:				
Federally donated commodities	38,314	-	-	38,314
Grants	236,936	-	-	236,936
Interest	-	17,106	-	17,106
	<hr/>	<hr/>	<hr/>	<hr/>
Total Nonoperating revenues	275,250	17,106	-	292,356
Income (Loss) Before Operating Transfers	(193,639)	43,510	(390)	(150,519)
Operating transfers in	65,000	-	-	65,000
Net Income/(Loss)	(128,639)	43,510	(390)	(85,519)
Retained Earnings/(Deficit) - July 1	56,979	97,964	36,903	191,846
Retained Earnings/(Deficit) - June 30	<u>(\$71,660)</u>	<u>\$141,474</u>	<u>\$36,513</u>	<u>\$106,327</u>

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

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

	<u>Proprietary Fund Types</u>		<u>Fiduciary Fund Type</u>	<u>Totals (Memorandum Only)</u>
	<u>Enterprise</u>	<u>Internal Service</u>	<u>Non-Expendable Trust</u>	
Cash flows from operating activities:				
Net operating income/(loss)	(\$468,889)	\$26,404	(\$390)	(\$442,875)
Adjustments to reconcile net income/ (loss) to net cash provided/(used) by operating activities				
Federally donated commodities	38,314	-	-	38,314
(Increase)/decrease in assets				
Accounts receivable	2,111	-	-	2,111
Prepaid items	2,014	-	-	2,014
Increase/(decrease) in liabilities				
Accounts payable	5,989	-	-	5,989
Accrued wages and benefits	(17,006)	-	-	(17,006)
Compensated absences payable	78,267	-	-	78,267
Pension obligation payable	9,939	-	-	9,939
Due to other governments	(25,916)	-	-	(25,916)
Interfund payable	-	-	1,000	1,000
Claims payable	-	7,137	-	7,137
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided/(used) for operating activities	(375,177)	33,541	610	(341,026)
Cash flows from noncapital financing activities:				
Grants	236,936	-	-	236,936
Interest	-	17,106	-	17,106
Transfers in	65,000	-	-	65,000
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash provided/(used) for noncapital financing activities	301,936	17,106	-	319,042
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net increase/(decrease) in cash and cash equivalents	(73,241)	50,647	610	(21,984)
Cash and cash equivalents, July 1, 1998	141,514	319,685	36,903	498,102
Cash and cash equivalents, June 30, 1999	<u>\$68,273</u>	<u>\$370,332</u>	<u>\$37,513</u>	<u>\$476,118</u>

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

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

1. NATURE OF BASIC OPERATIONS AND DESCRIPTIONS OF THE ENTITY

Indian Creek Local School District (the "District") is organized under article VI, Sections 2 and 3 of the Constitution of the State of Ohio. The District operates under a locally-elected Board form of government consisting of five members elected at-large for staggered four year terms. The District provides educational services as authorized by state statute and/or federal guidelines.

The District was established in 1966 through the consolidation of existing land areas and school districts. The District serves an area of approximately 75 square miles. It is located in Jefferson County, and includes all of the Village of Wintersville, the Village of Mingo Junction, the Village of Bloomingdale, and Cross Creek Township and portions of the City of Steubenville, Island Creek, Salem, Wayne and Steubenville Townships. It is staffed by 120 non-certificated employees, 169 certificated full-time teaching personnel and 10 administrative employees who provide services to 2,291 students and other community members. The District currently operates 6 instructional buildings, one administrative building, and two garages.

The reporting entity is comprised of the primary government, component units, and other organizations that are included to insure that the financial statements of the District are not misleading. The primary government consists of all funds, departments, board, and agencies that are not locally separate from the District. For Indian Creek Local School District, this includes general operations, food service, and student related activities of the District. The District does not have any component units.

The following activities are included within the reporting entity:

Aquinas Elementary, Saint Agnes Elementary, Jefferson County Christian School, and Trinity Christian School located within the District boundaries are private (parochial) schools. The District reflects this activity in a special revenue fund for financial reporting purposes.

The District is also associated with three organizations which are defined as jointly governed organizations and an insurance purchasing pool. These organizations include the Ohio Mid-Eastern Regional Service Agency, Jefferson County Joint Vocational School, and the Ohio School Board Association Workers' Compensation Group Rating Plan. These organizations are presented in Notes 18 and 19 to the general purpose financial statements.

Management believes the general purpose financial statements included in the report represent all funds of the District over which the District has the ability to exercise direct operating control.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. Governmental Fund Types

Governmental fund types are used to account for the District's general government activities. Governmental fund types use the flow of current financial resources measurement focus and the modified accrual basis of accounting. Under the modified

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

accrual basis of accounting, revenues are recognized when susceptible to accrual (i.e. when they are "measurable and available"). "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay obligations of the current period, which is considered to be sixty days. Generally, property taxes, although measurable, are not available soon enough after the current period to finance current period obligations, and accordingly, property taxes receivables are reflected as deferred revenue until available. Reimbursements due for federally funded programs are recognized when the corresponding expenditures are made.

Expenditures are recognized in the accounting period in which the fund liability is incurred, if measurable, since the measurement focus of governmental funds is on decreases in financial resources. 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 funds for payment to be made early in the following year. Compensated absences are reported as a fund liability when payment will require the current available financial resources. Allocations of costs, such as depreciation and amortization, are not recognized in the governmental funds. Governmental funds include the following fund types:

General Fund

The general fund is used to account for all financial resources except those required to be accounted for in another fund.

Special Revenue Funds

The special revenue funds are used to account for the proceeds of specific revenue sources, other than expendable trusts or major capital projects, that are legally restricted to expenditure for specified purposes.

Debt Service Fund

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

Capital Projects Funds

The capital projects funds are used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by proprietary funds.

2. Proprietary Fund Types

The proprietary fund types are accounted for on a flow of economic resources measurement focus and the accrual basis of accounting. Under this method, revenues are recorded when earned and expenses are recorded at the time the liabilities are incurred. Allocations of costs, such as depreciation, are recognized in the proprietary funds. As permitted, the District has elected to apply only applicable Financial Accounting Standards Board Statements and Interpretations issued before November 30, 1989 in its accounting and reporting practices for its proprietary operations unless they contradict/conflict with Governmental Accounting Standards Board pronouncements. Proprietary funds include the following fund type:

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Enterprise Funds

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

Internal Service Funds

Internal service funds are used to account for the financing of goods or services provided by one department or agency to governmental units on a cost reimbursement basis.

3. Fiduciary Fund Types

Fiduciary fund types account for assets held by the District in a trustee capacity or as an agent on behalf of others. Fiduciary fund types are as follows:

Expendable Trust Funds

Expendable trust funds are accounted for in essentially the same manner as governmental funds.

Nonexpendable Trust Fund

The nonexpendable trust fund is accounted for in essentially the same manner as proprietary funds.

Agency Funds

Agency funds are custodial in nature and do not present results of operations or have a measurement focus. These funds are used to account for assets the District holds for others in an agency capacity.

4. Account Groups

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

General Fixed Assets Account Group

This account group is established to account for all fixed assets of the District, other than those accounted for in proprietary or nonexpendable trust funds.

General Long-term Obligations Account Group

This account group is established to account for all long-term obligations of the District except those accounted for in the proprietary or nonexpendable trust funds.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Budgetary Process

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the Tax Budget, the Certificate of Estimated Resources and the Appropriation Resolution, all of which are prepared on the budgetary basis of accounting. The Certificate of Estimated Resources and the Appropriations Resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources as certified by the County Auditor.

All governmental funds are required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund. Budgetary modifications may only be made by resolution of the Board of Education.

C. Cash and Cash Equivalents

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

During fiscal year 1999, investments were limited to STAR Ohio and 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 (STAROhio) during fiscal year 1999. STAROhio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAROhio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAROhio are valued at STAROhio's share price which is the price the investment could be sold for on June 30, 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 fiscal year 1999 amount to \$125,236, to the internal service fund was \$17,106 and to the nonexpendable trust fund was \$1,610.

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

D. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by State statute and can be used only after receiving approval from the State Department of Education. During fiscal year 1999, the District had \$325,000 in the budget stabilization reserve.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Receivables

Receivables are reflected at their gross value reduced by the estimated amount that is expected to be uncollectible.

F. Estimates

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

G. Inventory

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 1999, are recorded as prepaid items using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure/expense is reported in the year in which services are consumed.

I. Fixed Assets and Depreciation

Fixed assets used in governmental fund types of the District are recorded in the general fixed assets account group at cost or estimated historical cost if purchased or constructed. Donated fixed assets are recorded at their estimated fair value at the date of donation. Assets in the general fixed assets account group are not depreciated. The District does not possess any infrastructure.

Fixed assets used in proprietary fund type activities are capitalized in the respective funds. Fixed assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at estimated fair market value when received, based on historical information available. Depreciation is computed using the straight-line method based on the estimated life of assets. Estimated useful lives of the various classes of depreciable assets consist of: equipment - 5 to 20 years. The capitalization threshold is \$500.

J. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as entitlements and grants awarded on a non-reimbursement basis, 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.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

Entitlements

General Fund

- State Foundation Program
- State Property Tax Relief
- School Bus Purchase Reimbursement

Non-Reimbursable Grants

Special Revenue Funds

- Auxiliary Services
- Education Management Information Systems
- Public School Preschool
- Disadvantaged Pupil Impact Aid
- Title I
- Title VI
- Special Education Grants to States Cluster
- Safe, Drug-Free Schools
- Eisenhower Professional Development
- Professional Development Block Grant
- Goals 2000 Intervention
- Schoolnet Professional Development
- Soar Grant
- Wellness Block Grant
- Venture Capital Grant

Capital Projects Funds

- School Net

Proprietary Funds

Enterprise Funds

- Government Donated Commodities

Reimbursable Grants

General Fund

- Driver Education

Proprietary Funds

- Nutrition Cluster Grant Programs

Grants and entitlements amounted to approximately 44% of the District's operating revenue during the 1999 fiscal year.

K. Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables". Long-term interfund loans are classified as "advances to/from other funds" and are equally offset by a fund balance reserve account which indicates that they do not constitute available expendable resources since they are not a component of net current assets.

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

L. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employees' rights to receive compensation are attributable to services already rendered and it is probably that the District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits are accrued as a liability using the vesting method. The liability includes the employees who are currently eligible to receive termination benefits and those the District has identified as probable of receiving payment in the future. The amount is based on accumulated sick leave and employees' wage rates at fiscal year end, taking into consideration any limits specified in the District's termination policy.

For governmental funds, the District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service. The District records a liability for accumulated unused sick leave for classified employees, certified employees, and administrators after five years of current service with the District. The current portion of unpaid compensated absences is the amount expected to be paid using available expendable resources. These amounts are recorded in the account "compensated absences payable" in the fund from the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

M. Accrued Liabilities and Long-/Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgments, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as a liability in the general long-term obligations account group to the extent that they will not be paid with current available expendable financial resources. Bonds, capital leases, and long-term loans are reported as a liability of the general long-term obligations account group until due.

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

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

N. Interfund Transactions

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

O. Fund Balances Reserves

The District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriation or expenditure. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, inventories of supplies and materials, long-term advances to other funds, contributions to the nonexpendable trust fund that must be kept intact, and HB412 reserves, such as textbooks and instructional materials, capital improvements, and budget stabilization. The reserve for property taxes represents taxes recognized as revenue under generally accepted accounting principles but not available for appropriations under State statute.

P. Total Columns on General Purpose Financial Statements

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

3. CHANGE IN ACCOUNTING PRINCIPLES

For fiscal year 1999, the School District has implemented GASB Statement No. 32, "Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans." The statement established accounting policies for deferred compensation plans set up in a trust. The implementation of GASB Statement No. 32 had no effect on fund balance/retained earnings as it was previously reported as of June 30, 1998.

4. BUDGETARY PROCESS

A. Tax Budget

Prior to January 15, the Superintendent and Treasurer submit a proposed operating budget to the Board of Education. A budget of proposed expenditures and the means of financing for all funds is submitted to the Jefferson County Auditor, as Secretary of the County Budget Commission, by January 20 of each year for the ensuing July 1 to June 30 fiscal year.

B. Estimated Resources

The County Budget Commission determines if the budget substantiated a need to levy all or part of previously authorized taxes and reviews estimated revenue. The Commission certifies its actions to the District by March 1. As part of the certification, the District receives the official Certificate of Estimated Resources which state projected revenue of each fund. Prior to June 30, the District must revise its budget so that the total contemplated expenditures from any fund during the ensuing fiscal year will not exceed the amount available as stated in the Certificate of Estimated Resources. The revised budget then serves as the basis for the annual appropriation measure. On or about July 1, the Certificate of Estimated Resources is amended to include any unencumbered balances from the preceding year. The Certificate may be further amended during the year if a new source of revenue is identified or actual receipts exceed current estimates. Budget receipts, as shown in the accompanying "Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" do not include July 1, 1998 unencumbered fund balances. However, those fund balances are available for appropriations.

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

4. BUDGETARY PROCESS (Continued)

C. Appropriations

A temporary appropriation measure to control expenditures may be passed on or about July 1 of each year for the period July 1 to September 30. An annual appropriation resolution must be passed by October 1 of each year for the period July 1 to June 30. The appropriation resolution fixes spending authority at the fund and function level and may be amended during the year as new information becomes available provided that the total fund appropriations do not exceed current estimated resources, as certified.

The allocation of appropriations among functions within a fund may be modified during the year by a resolution of the Board of Education. Several supplemental appropriation resolutions were legally enacted by the Board of Education during the year. The budget figures, as shown in the accompanying "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual-All Governmental Fund Types" represent the final appropriation amounts including all amendments and modifications.

D. Lapsing of Appropriations

At the close of each year, the unencumbered balance of each appropriation reverts to the respective funds 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. 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 budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. The Ohio Revised Code prohibits expenditures plus encumbrances from exceeding appropriations. On the generally accepted accounting principles (GAAP) basis, encumbrances outstanding at year-end for governmental funds are reported as reservations of fund balance for subsequent year expenditures.

F. Budgetary Basis of Accounting

While reporting financial position, results of operations, and changes in fund balances on the GAAP basis, the budgetary basis, as provided by law, is based upon accounting for transactions on a basis of cash receipts, disbursements, and encumbrances. Accordingly, the "Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (NonGAAP Basis) and Actual - All Governmental Fund Types" is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget and to demonstrate compliance with state statute. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) rather than when the liability is incurred (GAAP basis).

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

4. BUDGETARY PROCESS (Continued)

3. Encumbrances are treated as expenditure/expenses for all funds (budget basis) rather than as a reservation of fund balance for governmental fund types and as note disclosures in the proprietary fund type (GAAP basis).
4. Proceeds from and principal payments on bond and revenue anticipation notes are reported on the operating statement (budget basis) rather than as balance sheet transactions (GAAP basis).
5. The District repays debt from the debt service fund (budget non-GAAP basis) as opposed to the fund that received the proceeds (GAAP basis). Debt service fund resources used to pay both principal and interest have been allocated accordingly.

The adjustments necessary to convert the results of operations for the fiscal year from the budget basis to the GAAP basis for the governmental funds follow:

Excess (Deficiency) of Revenues Over Expenditures and Other Sources (Uses) Reconciliation of Budget Basis to GAAP Basis

	General Fund	Special Revenue Funds	Capital Projects Funds	Expendable Trust Funds
Budgetary Basis	\$ (168,866)	\$ (96,694)	\$ (295,069)	\$ 11,939
Encumbrances	464,515	79,739	60,800	809
Revenue Accruals	(114,765)	(34,957)	0	(4,001)
Expenditures Accruals	<u>770,897</u>	<u>68,883</u>	<u>2,500</u>	<u>(1,099)</u>
GAAP Basis	<u>\$ 951,801</u>	<u>\$ 16,971</u>	<u>\$ (231,769)</u>	<u>\$ 7,648</u>

5. COMPLIANCE

1. The Board of Education did not pass a temporary appropriation resolution and the permanent appropriation resolution was approved on September 1, 1998. Therefore, all expenditures made by the District from July 1, 1998 through September 30, 1998 were in excess of appropriations, contrary to Ohio Revised Code § 5705.41(B).
2. The Permanent Improvement Fund has appropriations in excess of estimated revenue available for expenditures in the amount of \$286,316, contrary to Ohio Revised Code Section 5705.39.

The District will closely monitor budgetary procedures in the future to avoid these violations.

6. DEPOSITS AND INVESTMENTS

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

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

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

6. DEPOSITS AND INVESTMENTS (Continued)

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 certificated 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.

Interim monies may be invested in the following obligations. In general, investments must mature or be redeemable within two years from the date of purchase.

1. Bonds, notes, or other obligations of or guaranteed by the United States, or those for which the faith of the United States is pledged for the payment of principal and interest;
2. Bonds, notes, debentures, or other obligations or securities issued by any federal government agency or instrumentality;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of purchase;
4. Bonds and other obligations of the State of Ohio;
5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasurer's investment pool (STAR Ohio); and
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred eighty days in an amount not to exceed 25% of the interim monies available for investment at any one time.

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

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

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

6. DEPOSITS AND INVESTMENTS (Continued)

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$1,849,089 and the bank balance was \$1,765,168. Of the bank balance, \$140,389 was covered by federal depository insurance and \$1,624,779 was uninsured and uncollateralized. Although the securities serving as collateral were held by the pledging financial institution's trust department in the District's name and all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the Federal Deposit Insurance Corporation.

Funds Held by Fiscal Agent: The District participates in the Ohio Mid-Eastern Regional Educational Service Agency School Employees Insurance Consortium for employee benefits. The bank balance at fiscal year end for the Employee Benefit Self-Insurance fund was \$370,332. All benefit deposits are made to the consortium's depository account. Collateral is held by a qualified third-party trustee in the name of the consortium.

Investments: The District's investments are categorized below to give an indication of the level of custodial credit risk assumed by the District at fiscal 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 which are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the District's name. The district's investment in STAROhio, an investment pool operated by the Ohio State Treasurer, is an unclassified investment since it is not evidenced by securities that exist in physical or book entry form.

	Category 3	Carrying Value	Fair Value
Repurchase Agreement	\$ 1,288,000	\$ 1,288,000	\$ 1,288,000
Money Market	37,509	37,509	37,509
STAROhio	<u> 4</u>	<u> 4</u>	<u> 4</u>
Totals	<u>\$ 1,325,509</u>	<u>\$ 1,325,513</u>	<u>\$ 1,325,513</u>

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 3,174,602	--
Investments:		
Repurchase Agreements	(1,288,000)	\$ 1,288,000
STAROhio	(4)	4
Money Market	<u>(37,509)</u>	<u>37,509</u>
GASB Statement No. 3	<u>\$ 1,849,089</u>	<u>\$ 1,325,513</u>

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

7. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Second half distributions occur in a new fiscal year. Property taxes include amounts levied against all real, public utility, and tangible personal property, used in business, located in the District. Real property taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Public utility property taxes attached as a lien on December 31 of the prior year, were levied April 1 and are collected with property taxes. Assessed values for real property taxes are established by State law at 35% of appraised market value. All property is required to be revalued every six years. Public utility property taxes are assessed, with certain exceptions, on tangible personal property at 88% of true value and on real property at 35% of true value. Tangible personal property taxes are levied after April 1 on the value listed as of December 31 of the prior year. Tangible personal property assessments are 25% of true value.

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

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

The District receives property taxes from Jefferson County. The County Auditor periodically advances to the District its portion of the taxes collected. Second-half real property tax payments collected by the County by June 30, 1999, are available to finance fiscal year 2000 operations. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represents delinquent taxes outstanding and real property, tangible personal property, and public utility taxes which became measurable as of June 30, 1999. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current fiscal 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, 1999, was \$1,991,736 in the General Fund.

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

	1999 First-Half Collections		1998 Second-Half Collections	
	Amount	Percent	Amount	Percent
Agricultural/Residential	\$ 148,221,010	54.51%	\$ 146,457,940	55.46%
Commercial/Industrial	40,430,350	14.87%	40,206,670	15.23%
Public Utility	499,850	.18%	503,330	.19%
Tangible Personal Property	<u>82,784,143</u>	<u>30.44%</u>	<u>76,911,570</u>	<u>29.12%</u>
Total Assessed Value	<u>\$ 271,935,353</u>	<u>100.00%</u>	<u>\$ 264,079,510</u>	<u>100.00%</u>
Tax rate per \$1,000 of assessed valuation		<u>39.10%</u>		<u>39.10%</u>

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

8. RECEIVABLES

Receivables at June 30, 1999, consisted of property taxes, accounts (rent, billings for user charged services, and student fees), interfund, and intergovernmental grants. 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 fiscal year guarantee of federal funds.

9. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts; theft or damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 1999, the District contracted with Harcum Insurance Company for general liability insurance and for property and fleet insurance, liability insurance, and inland marine coverage. Coverages provided by Harcum Insurance Company are as follows:

Description	Amount
Building and Contents-replacement cost (\$1,000 deductible)	\$35,903,400
Inland Marine Coverage (\$250 deductible)	
Tractor	21,000
Musical Instruments	192,894
Boiler and Machinery (\$1,000 deductible)	
Damage	7,122,000
Business Income	100,000
Crime Insurance (\$250 deductible)	15,000
Automotive Liability (\$50/\$100 deductible)	1,000,000
Uninsured Motorists (\$50/\$100 deductible)	1,000,000
General Liability	
Per occurrence	\$ 1,000,000
Total per year	\$ 3,000,000

Settlement claims have not exceeded this commercial coverage in any of the past three years. Also, the District has not materially reduced its coverages in the past year.

For fiscal year 1999, the District participated in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (Note 19). The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participants individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP.

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

9. RISK MANAGEMENT (Continued)

Medical/surgical and dental insurance is offered to employees through a self-insurance internal service fund. The District is a member of the Ohio Mid-Eastern Regional Education Service Agency Health Benefit Plan, a public entity risk management insurance, and claims servicing pool, consisting of school districts throughout Ohio, in which monthly premiums are paid to the fiscal agent who in turn pays the claims on the District's behalf. The claims liability of \$228,858 reported in the internal service fund at June 30, 1999 is based on an estimate provided by the third party administrator and the requirements of Governmental Accounting Standards Board Statement No. 10 which requires that a liability for unpaid claim costs, including estimates of costs relating to incurred but not reported claims, be reported. Changes in claims activity for the past fiscal year is as follows:

	Balance at Beginning of Year	Current Year Claims	Claims Payments	Balance at End of Year
1999	\$ 221,721	\$ 1,468,412	\$ (1,461,275)	\$ 228,858
1998	\$ 376,139	\$ 1,412,044	\$ (1,566,462)	\$ 221,721

10. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The Indian Creek Local School 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% of their annual covered salary and the District is required to contribute 14%; 10% was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS's Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contribution for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$285,126, \$365,916, and \$344,246, respectively; 50% has been contributed for fiscal year 1999 and 100% for the fiscal years 1998 and 1997. \$142,578, 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 Indian Creek Local School 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.

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

10. DEFINED BENEFIT PENSION PLANS (Continued)

Plan members are required to contribute 9.3% of their annual covered salary and the District is required to contribute 14%; 12% was the portion used to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10% for members and 14% for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998, and 1997 were \$872,906, \$1,429,511, and \$1,329,458, respectively; 80% has been contributed for fiscal year 1999 and 100% for fiscal years 1998 and 1997. \$176,470 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 1999, no employees or Board members chose to participate in the Social Security System.

11. 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 non-certified employees and their dependents through the School Employees Retirement System (SERS). Benefits include hospitalization, physicians' fees, prescription drugs, and reimbursement of monthly Medicare premiums. Benefit provisions and the obligations to contribute are established by the Systems based on authority granted by State statute. Both systems are funded on a pay-as-you-go basis.

For STRS, all benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio laws, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14% of covered payroll. The board currently allocates employer contributions equal to 3.5% of covered payroll to the Health Care Reserve Fund for which payments for health care benefits are paid.

For the District, this amount equaled \$218,226 during the 1999 fiscal year. As of June 30, 1998 (the latest information available) eligible benefit recipients totaled 91,999. For the fiscal year ended June 30, 1998, net health care costs paid by STRS were \$219,224,000.

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% of the premium.

For this fiscal year, employer contributions to fund health care benefits were 4.98% of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14% of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. For the District, this amount equaled \$101,419 during the 1999 fiscal year.

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

11. POSTEMPLOYMENT BENEFITS (Continued)

The target level for the health care reserve is 125 percent of annual health care expenses. For the fiscal year ended June 30, 1998, the most recent information available, net health care costs paid by SERS were \$111,900,575 and the target level was \$139.9 million. At June 30, 1998, SERS had net assets available for payment of health care benefits of \$160.3 million. The number of participants currently receiving health care benefits is approximately 50,000.

12. EMPLOYEE BENEFITS

A. Compensated Absences

The criteria for determining vacation and sick leave components are derived from negotiated agreements and State laws. Classified employees earn ten to twenty days of vacation per fiscal year, depending upon length of service. Accumulated, unused vacation time is paid to classified employees and administrators upon termination of employment. Teachers do not earn vacation time.

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month. Sick leave may be accumulated up to a maximum of 212 days for all personnel. Upon retirement, payment is made for 35% of accrued, but unused sick leave credit to a maximum of 40 days for classified employees and 40 days for certified employees.

B. Life Insurance

The District provides life insurance and accidental death and dismemberment insurance to most employees through Medical Life Insurance Company.

13. LONG-TERM OBLIGATIONS

The changes in the District's long-term obligations during fiscal year 1999 were as follows:

	Principal Outstanding 6/30/98	Additions	(Deletions)	Principal Outstanding 6/30/99
Long-Term Notes:				
Asbestos Removal Notes	\$ 163,169	\$ 0	\$ (13,054)	\$ 150,115
Pension Obligation Payable	113,538	0	(25,120)	88,418
Compensated Absences	825,278	146,144	0	971,422
Capital Lease	<u>89,933</u>	<u>0</u>	<u>(42,146)</u>	<u>47,787</u>
Total general long-term obligations	<u>\$ 1,191,918</u>	<u>\$ 146,144</u>	<u>\$ (80,320)</u>	<u>\$ 1,257,742</u>

EPA Asbestos Loan - On May 30, 1993, Indian Creek School District obtained a loan in the amount of \$234,965 for the purpose of providing asbestos removal for the District. The loan was issued with a 0% interest rate for an eighteen year period (\$13,054) with final maturity during fiscal year 2010. The loan will be retired from the debt service fund.

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

13. LONG-TERM OBLIGATIONS (Continued)

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The Code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 1999 are a voted debt margin of \$24,324,067 and an unvoted debt margin of \$271,935.

14. CAPITALIZED LEASE OBLIGATIONS

The Indian Creek Local School District is obligated under an equipment lease accounted for as a capital lease. The leased asset and related obligation are accounted for in the General Fixed Asset Account Group and the General Long-Term Obligations Account Group, respectively. The assets under capital lease totaled \$139,900 at June 30, 1999. The lease is in effect through January 2001.

The following is a schedule of future minimum lease payments under capital lease together with the net present value of the minimum lease payments as of June 30, 1999.

	Year Ending Amount
June 30, 2000	\$ <u>49,967</u>
Total minimum lease payment	49,967
Less: Amount representing interest	<u>(2,180)</u>
Net present value of minimum lease payment	\$ <u><u>47,787</u></u>

15. FIXED ASSETS AND DEPRECIATION

A. General Fixed Assets Account Group

The changes in general fixed assets during the year consisted of:

	Balance July 1, 1998	Additions	Disposals	Balance June 30, 1999
Land, buildings and improvements	\$24,908,828	\$ 0	\$ 0	\$ 24,908,828
Furniture and equipment	4,210,915	237,951	0	4,448,966
Vehicles	1,287,440	151,179	0	1,438,619
Textbooks	1,984,548	0	0	1,984,548
Construction in progress	<u>38,208</u>	<u>0</u>	<u>(38,208)</u>	<u>0</u>
Totals	<u>\$32,429,939</u>	<u>\$ 389,130</u>	<u>\$ (38,208)</u>	<u>\$32,780,861</u>

B. Proprietary Fund Type Fixed Assets

Proprietary fund type fixed assets and accumulated depreciation at year-end consisted of:

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

15. FIXED ASSETS AND DEPRECIATION (Continued)

Enterprise	June 30, 1999
Equipment	\$ 325,197
Less: Accumulated depreciation	<u>(325,197)</u>
Net fixed assets	<u>\$ <u>0</u></u>

16. INTERFUND ACTIVITY

A. Cash Advances Not Repaid

As of June 30, 1999, receivables and payables that resulted from various interfund transactions were as follows:

Fund Type/Fund	Receivables	Payables
General Fund	\$ 74,785	\$ 0
Special Revenue Funds:		
Principal's Fund	0	2,000
Venture Capital Grant	0	1,822
Title I	0	62,642
Title VI-B	0	774
Drug Free Schools	<u>0</u>	<u>75</u>
Total Special Revenue	0	67,313
Trust and Agency Funds:		
Expendable Trust	0	5,174
Nonexpendable Trust	0	1,000
Student Activities	<u>0</u>	<u>1,298</u>
Total Trust and Agency	<u>0</u>	<u>7,472</u>
Total All Funds	<u>\$ 74,785</u>	<u>\$ 74,785</u>

B. Reconciliation of Interfund Transfers

Fund Type Transfers-In	Transfers-Out	
Governmental Fund Types and Expendable Trust Funds		
General Fund	\$ 0	\$ (620,133)
Special Revenue Funds	649	0
Debt Service Funds	13,054	0
Capital Projects Funds	540,000	0
Expendable Trust Funds	<u>1,000</u>	<u>0</u>
Total Governmental Fund Types and Expendable Trust Funds	554,703	(620,133)
Proprietary and Similar Fiduciary Fund Types:		
Enterprise Funds	65,000	0
Agency Funds	<u>430</u>	<u>0</u>
Total Proprietary and Similar Fiduciary Fund Types	<u>65,430</u>	<u>0</u>
Total All Funds	<u>\$ 620,133</u>	<u>\$ (620,133)</u>

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

16. INTERFUND ACTIVITY (Continued)

The schedule does not agree with the general purpose financial statements because Agency Fund Operating Activity is not required to be reported on these financial statements.

17. SEGMENT INFORMATION

The District maintains enterprise funds to account for the operations of food service, uniform school supplies, and adult education. The table below reflects the more significant financial data relating to the enterprise funds of the Indian Creek Local School District as of and for the fiscal year ended June 30, 1999.

	Food Service	Uniform Supplies	Adult Education	Total Enterprise Funds
Operating Revenues	\$ 229,503	\$ 46,094	\$ 19,940	\$295,537
Operating Expenses	590,311	146,763	27,352	764,426
Operating Income (Loss)	(360,808)	(100,669)	(7,412)	(468,889)
Federal Donated Commodities	38,314	0	0	38,314
Operating Grants	236,936	0	0	236,936
Transfers-In	35,000	30,000	0	65,000
Net Income (Loss)	(50,558)	(70,669)	(7,412)	(128,639)
Net Working Capital	12,436	9,311	37,906	59,653
Total Assets	18,969	15,485	37,906	72,360
Total Equity	(118,877)	9,311	37,906	(71,660)

18. JOINTLY GOVERNED ORGANIZATIONS

Ohio Mid-Eastern Regional Education Services Agency

The District is a participant with several other school districts in a jointly governed organization to operate the Ohio Mid-Eastern Regional Educational Service Agency (OME-RESA). OME-RESA was formed for the purpose of providing computer services. OME-RESA is governed by a board of directors consisting of the superintendents of the member school districts. The degree of control exercised by any participating school district is limited to its representation on the board. The District does not have an ongoing financial interest or responsibility in OME-RESA.

Jefferson County Joint Vocational School District

The Jefferson County Joint Vocational School, (JVS), District is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the JVS's participating school districts' elected boards, which possesses its own budgeting and taxing authority. To obtain financial information write the Jefferson County Joint Vocational School District, Office of the Treasurer, Jefferson County Highway 22, Bloomingdale, Ohio 43910-9781.

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

19. INSURANCE PURCHASING POOL

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

20. CONTINGENCIES

A. Grants

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

B. Litigation

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

21. SCHOOL FUNDING ISSUE

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the District. During the fiscal year ended June 30, 1999, the District received \$5,287,238 of school foundation support for its general fund and \$371,552 in its special revenue - DPIA fund.

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 that they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State has appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. As of February 11, 2000, the 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 the the Common Pleas Court declared unconstitutional.

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

22. YEAR 2000 ISSUE

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

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

22. YEAR 2000 ISSUE (Continued)

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

The District used the State of Ohio Uniform School Accounting System software for its financial reporting, and the State of Ohio Uniform Staff System software for its payroll and employee benefits. The State is responsible for remediating these systems.

The State of Ohio distributes a substantial sum of money to the District in the form of "Foundation" and Federal and State 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.

Jefferson County collects property taxes for distribution to the Indian Creek Local School District. Jefferson County is responsible for remediating the tax collection and distribution systems.

To the best of management's knowledge and belief, as of February 11, 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 yet, unknown.

23. SET-ASIDE REQUIREMENTS

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 sources must be held in cash at year-end and carried forward to be used for the same purpose in future years. Amounts are also to be set aside if the District's base amount used for the yearly set-aside calculation increases three percent (3%) or more from the prior year. This amount is included in the budget stabilization reserve.

The following information describes the changes in the amounts set aside for textbooks and instructional materials, capital improvements and budget stabilization from the end of the prior year to the end of the current year.

	Textbooks	Capital Improvements	Budget Reserve	Total
Set aside balance as of June 30, 1998	\$ 0	\$ 0	\$ 0	
Current year set-aside requirements	260,000	260,000	325,000	
Qualifying expenditures	<u>(347,197)</u>	<u>(841,927)</u>	<u>0</u>	
Totals	<u>(87,197)</u>	<u>(581,927)</u>	<u>0</u>	
Cash balance carried forward to FY 2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 325,000</u>	
Amount restricted for budget stabilization				<u>325,000</u>
Total restricted assets				<u>\$ 325,000</u>

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

23. SET-ASIDE REQUIREMENTS (Continued)

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

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

Federal Program	CFDA #	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
U.S. DEPARTMENT OF AGRICULTURE						
Passed through Ohio Department of Education:						
Food Distribution	10.550	N/A	\$0	\$38,314	\$0	\$38,314
Passed through Ohio Department of Education:						
Nutrition Cluster:						
School Breakfast Program	10.553	N/A	32,330	0	32,330	0
National School Lunch Program	10.555	N/A	184,140	0	184,140	0
Special Milk Program for Children	10.556	N/A	5,462	0	5,462	0
Total U.S. Department of Agriculture			221,932	38,314	221,932	38,314
U.S. DEPARTMENT OF EDUCATION						
Title I Grants to Local Education Agencies	84.010	C1-S1-98	40,417	0	113,699	0
		C1-S1-98C	47,569	0	39,504	0
		C1-S1-99	173,465	0	182,383	0
Total Title I Grants to Local Education Agencies			261,451	0	335,586	0
Innovative Education Program Strategies	84.298	C2-S1-93	(1,698)	0	0	0
		C2-S1-94	(6,645)	0	0	0
		C2-S1-96	(9,566)	0	0	0
		C2-S1-97	90	0	1,180	0
		C2-S1-98	17,568	0	25,969	0
		C2-S1-98C	250	0	250	0
		C2-S1-99	11,101	0	0	0
Total Innovative Education Program Strategies			11,100	0	27,399	0
Eisenhower Professional Development State Grants	84.281	MS-S1-97	(6)	0	0	0
		MS-S1-97C	0	0	5,034	0
		MS-S1-98	40,000	0	11,817	0
		MS-S1-99	8,450	0	1,144	0
Total Eisenhower Professional Development State Grants			48,444	0	17,995	0
Special Education Cluster:						
Special Education Preschool Grant	84.173	PG-S1-96	(6)	0	0	0
Special Education Preschool Grant		PG-S1-98	1,874	0	3,511	0
		PG-S1-99	20,947	0	14,197	0
Total Special Education Preschool Grant			22,815	0	17,708	0
Special Education Grants to States	84.027	6B-SF-97	\$2,568	\$0	\$2,568	\$0
		6B-SF-98	85,380	0	32,345	0
		6B-SF-99	140,188	0	106,196	0
Total Special Education Grants to States			228,136	0	141,109	0
Total Special Education Cluster			250,951	0	158,817	0

**SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 1999
(Continued)**

Federal Program	CFDA #	Pass-through Agency Awarding Number	Receipts	Non-Cash Receipts	Expenditures	Non-Cash Expenditures
Safe and Drug-Free Schools and and Community State Grants	84.186	DR-S1-94	(5,395)	0	0	0
		DR-S1-97	5,395	0	9,216	0
		DR-S1-98	(4,523)	0	8,828	0
		DR-S1-99	<u>17,840</u>	<u>0</u>	<u>3,542</u>	<u>0</u>
Total Safe and Drug-Free Schools and Communities State Grant			13,317	0	21,586	0
Goals 2000 State and Local Education Systematic Improvement Partnership 2000	84.276	G2S-199	15,000	0	6,987	0
		Performance Incentive Grant	48,900	0	19,386	0
Total Goals 2000 State and Local Education Systematic Improvement Grant			<u>63,900</u>	<u>0</u>	<u>26,373</u>	<u>0</u>
Employment Services and Job Training Pilot	17.249	STW-1998	17,000	0	17,000	0
Learn and Serve America School and Community Based Grant	94.004	SVS-299	3,000	0	1,125	0
Passed through Jefferson County Joint Vocational School District:						
Vocational Education Basic Grants to States	84.048	FY99	2,592	0	2,592	0
Total U.S. Department of Education			671,755	0	608,473	0
Total Federal Financial Assistance			<u>\$893,687</u>	<u>\$38,314</u>	<u>\$830,405</u>	<u>\$38,314</u>

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

NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 1999

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B - FOOD DISTRIBUTION

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

Government Center
242 Federal Plaza West, Suite 302
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Facsimile 330-797-949

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

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

We have audited the financial statements of Indian Creek Local School District, Jefferson County, (the District) as of and for the year ended June 30, 1999, and have issued our report thereon dated February 11, 2000. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance that are required to be reported under *Government Auditing Standards* and are described in the accompanying schedule of findings as item 99-11241-01 and 99-11241-02. We also noted certain immaterial instances of noncompliance that we have reported to management of the District in a separate letter dated February 11, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect the District's ability to record, process, summarize and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings as items 1999-11241-03, 1999-11241-04 and 1999-11241-05.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily 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, of the conditions described above, we consider 1999-11241-05 to be a material weakness. We also noted other matters involving the internal control over financial reporting that do not require inclusion in this report that we have reported to management of the District in a separate letter dated February 11, 2000.

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



Jim Petro
Auditor of State

February 11, 2000



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

Indian Creek Local School District
Jefferson County
587 Bantam Ridge Road
Wintersville, Ohio 43953

To the Board of Education:

Compliance

We have audited the compliance of Indian Creek Local School District, Jefferson County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal program for the year ended June 30, 1999. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal program is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

We conducted our audit of compliance in accordance with generally accepted auditing standards; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance occurred with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on the District's compliance with those requirements.

As described in item 1999-11241-06 in the accompanying schedule of findings, Indian Creek Local School District did not comply with requirements regarding reporting that are applicable to its Title I Program. Compliance with such requirements is necessary, in our opinion, for the District to comply with requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, the Indian Creek Local School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal program for the year ended June 30, 1999.

Internal Control Over Compliance

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

We noted a certain matter involving the internal control over compliance and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over compliance that, in our judgment, could adversely affect the District's ability to administer a major federal program in accordance with applicable requirements of laws, regulations, contracts and grants. The reportable condition is described in the accompanying schedule of findings as item number 1999-11241-06.

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 the reportable condition described above is not a material weakness.

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



Jim Petro
Auditor of State

February 11, 2000

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

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion.	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level. (GAGAS)?	Yes
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level. (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	Yes
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	Qualified
(d)(1)(vi)	Are there any reportable findings under § .510?	Yes
(d)(1)(vii)	Major Programs (list): TITLE I	CFDA #84.010
(d)(1)(viii)	Dollar Threshold: Type A/B Programs:	A>\$300,000 B-ALL REMAINING PROGRAMS
(d)(1)(ix)	Low Risk Auditee?	NO

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

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

Finding Number	1999-11241-01
-----------------------	----------------------

Ohio Revised Code § 5705.41 (B) states that no subdivision shall expend money unless it has been lawfully appropriated. The Board of Education failed to approve temporary appropriations prior to the approval of permanent appropriation resolution on September 1, 1998. As a result, all expenditures from July 1, 1998 through September 1, 1998 exceeded appropriations and should have been considered null and void.

The District should approve temporary appropriations, as appropriations establish the legal spending authority of the District.

Finding Number	1999-11241-02
-----------------------	----------------------

Ohio Revised Code § 5705.39 states that no subdivision shall establish appropriations in excess of estimated revenue available for expenditures as certified by the County Budget Commission. The Permanent Improvement Fund had appropriations in excess of estimated revenue available for expenditures in the amount of \$205,927 or 28% of total estimated revenue.

The District Treasurer should monitor appropriations and estimated available revenue more closely to assure that the District does not overspend.

Finding Number	1999-11241-03
-----------------------	----------------------

Weekly Athletic Profit Sheets

The Athletic Director did not maintain appropriate documentation to support gate ticket sales at weekly football games. Rather, the gate ticket sales amounts on the profit sheets were adjusted to match the actual deposit. A review of weekly profit sheets indicated this was a common practice during fiscal year 1999, that whatever amount was needed to reconcile to the total deposit was reported. Amounts did not correspond to the number of tickets sold times the selling price. Inappropriate documentation is a weakness that could result in errors or irregularities occurring and not being detected in a timely manner.

This practice allows for control over cash receipts to be compromised and increase the risk of theft or fraud. The District should utilize a tally sheet for each ticket seller that indicates the beginning and ending number of tickets sold, total number of tickets sold, price per tickets and any shortages/overages reported.

The athletic director should reconcile amount collected to the tally sheets and report total on the profit sheet. All tally sheets should be attached to the weekly profit sheet to substantiate monies collected.

Finding Number	1999-11241-04
-----------------------	----------------------

Bank Reconciliation

The District's reconciliation was out of balance for nine months of the audit period. The Treasurer made entries during these months to a receipt account to force the reconciliation. The reconciliation of the ledgers to the depository balances is a control to assure management that errors which may occur during daily posting and depositing will be found and corrected in a timely manner.

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

Several of these adjusting entries were of a significant amount. The District books were over the total depository balances by \$601.88 in January 1999 and by \$661.27 in June 1999. In addition, the books were under the total depository balance by \$543.87 in December 1998 and by \$2,525,01 in April 1999. An entry was made in each of these months to the miscellaneous receipts to balance the books to the bank. Errors could occur that are not detected in a timely manner.

Each adjustment should be investigated and supported by appropriate documentation. Subsequently, each adjustment should be brought before the Board for approval and documented in the minutes. The Board should periodically review the reconciliation for accuracy.

Finding Number	1999-11241-05
-----------------------	----------------------

Appropriations/Estimated Resources Amendments

Amendments to the appropriations and estimated resources were not posted to the District ledger. As a result, budget vs. actual comparisons made from the District's ledgers were not based on accurate and up to date information. Inaccurate and outdated data do not allow District management to properly monitor the District's financial activity.

The District should post appropriations and estimated resources from source documents to the ledgers on a timely basis to ensure financial data provide an effective means of monitoring the budget versus actual activity of the District.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
--

Finding Number	1999-11241-06
-----------------------	----------------------

Federal Expenditure Reports

Award #047803C1-S1-98
Ohio Department of Education
C.F.D.A. 84.010 Title 1
Award: \$365,344

The Ohio Department of Education's Federal Fiscal Report Procedures Manual requires that the Final Expenditure Report be submitted for each project immediately after all the obligations have been liquidated. The report is due no later than sixty days after the end of the project period. The fiscal year 1998 final expenditure report was not submitted timely and funding was temporarily suspended on December 11, 1998.

The District is in jeopardy of losing federal funding from the Ohio Department of Education that could adversely affect the District.

The District does not have any policies and procedures in place that ensure that all required federal program reports are filed on a timely basis. The Board of Education should establish policies and procedures that would provide the framework by which all federal program reports would be completed and submitted to the Ohio Department of Education on a timely basis to avoid suspension of funds.

SCHEDULE OF PRIOR AUDIT FINDINGS
OMB CIRCULAR A-133 § .315 (b)
JUNE 30, 1999

<u>Finding Number</u>	<u>Finding Summary</u>	<u>Fully Corrected ?</u>	<u>Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No Longer Valid; <i>Explain:</i></u>
98-11241-01	ORC § 5705.391, failure to prepare a spending plan and submit to Supt. of Public Instruction	No	Partially Corrected, the District adopted a spending plan but did not submit the plan to the State Superintendent of Public Instruction.
98-11241-02	ORC § 5705.41(B) expenditures exceed appropriations	No	Not corrected
98-11241-03	ORC § 5705.39 Appropriations exceeded total estimated resources	Yes	
98-11241-04	ORC § 5705.14 Money transferred without board approval	No	Partially, immaterial transfers were made without Board approval.
98-11241-05	ORC § 3317.023; Audit Bulletin 91-19: Requires DPIA monies in a separate fund	No	Partially, the treasurer made the correction in the last quarter of the audit period. An audit adjustment was necessary.
98-11241-06	Dept. of Ed-Federal Report Procedures	No	The 1998 fiscal year report, which was due on November 30 was not submitted until December 11, 1998.
98-11241-07	District was out of balance during entire audit period	No	Partially corrected The treasurer was not able to balance the bank balance to the book balance for nine months of audit period. The reconciliation currently indicates that the books are balanced to the bank balance.
98-11241-08	Board granted blanket authorization for appropriation modifications	No	Partially corrected The treasurer did not take steps to correct the problem until the last quarter of the audit period.
98-11241-09	Failure to post any estimated revenue	No	Partially corrected Amendments were often posted incorrectly.
98-11241-10	Failure to establish audit committee	Yes	

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: |

FEDERAL PROGRAMS - Continued

6. FEDERAL AWARDS EXPENDED DURING FISCAL YEAR			7. AUDIT FINDINGS AND QUESTIONED COSTS				
CFDA number ¹ (a)	Name of Federal program (b)	Amount expended (c)	Major program (a)	Type of compliance requirement (b)	Amount of questioned costs (c)	Internal control findings ³ (d)	Audit finding reference number(s) (e)
84.276	Goals 2000 State and Local Education Systemic Improvement	\$ 26,373	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
10.550	Food Distribution	\$ 38,314	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
10.553	School Breakfast Program	\$ 32,330	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
10.555	National School Lunch Program	\$ 184,140	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
10.556	Special Milk Program for Children	\$ 5,462	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
84.010	Title I Grants to Local Educational Agencies	\$ 335,586	1 <input checked="" type="checkbox"/> Yes 2 <input type="checkbox"/> No	L	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	991124106
84.298	Innovative Education Program Strategies	\$ 27,399	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
84.173	Special Education_Preschool Grants	\$ 17,708	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
84.281	Eisenhower Professional Development State Grants	\$ 17,995	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
84.027	Special Education_Grants to States	\$ 141,109	1 <input type="checkbox"/> Yes 2 <input checked="" type="checkbox"/> No	O	N/A	1 <input type="checkbox"/> A 3 <input checked="" type="checkbox"/> X 2 <input type="checkbox"/> B	N/A
TOTAL FEDERAL AWARDS EXPENDED ->		\$ Continued	IF ADDITIONAL LINES ARE NEEDED, PLEASE PHOTOCOPY THIS PAGE ATTACH ADDITIONAL PAGES TO THE FORM, AND SEE INSTRUCTIONS				

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

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

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

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

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

