



**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 2001**



**JIM PETRO**  
**AUDITOR OF STATE**  

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**STATE OF OHIO**



WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

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## REPORT OF INDEPENDENT ACCOUNTANTS

Warren City School District  
Trumbull County  
261 Monroe Street N.W.  
Warren, Ohio 44483

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Warren City School District, Trumbull County, (the District) as of and for the year ended June 30, 2001, 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 auditing standards generally accepted in the United States of America 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 Warren City School District, Trumbull County, as of June 30, 2001, 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 accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 2001 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. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

We performed our audit to form an opinion on the general-purpose financial statements of the District, taken as a whole. The accompanying schedule of federal awards expenditures is presented for 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. We subjected this information to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

**Jim Petro**  
Auditor of State

December 21, 2001



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**Warren City School District  
Combined Balance Sheet  
All Fund Types and Account Groups  
June 30, 2001**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	2001 (Memorandum (Only))
Assets and Other Debits:									
Equity in Pooled Cash and Investments	\$ 13,230,681	2,134,564	1,675,110	1,123,688	1,064,591	867,632	0	0	\$ 20,096,266
Restricted Cash and Cash Equivalents	328,646	0	0	0	0	0	0	0	328,646
Taxes Receivable	19,992,063	0	0	0	0	0	0	0	19,992,063
Interfund Receivables	33,000	0	0	0	0	0	0	0	33,000
Due from Other Funds	0	0	0	0	0	935,948	0	0	935,948
Intergovernmental Receivables	133,217	32,000	0	213,359	0	0	0	0	378,576
Accounts Receivable	58,288	904	0	95,768	826,335	2,686	0	0	983,981
Supplies Inventory	0	0	0	2,690	0	0	0	0	2,690
Inventory for Resale	0	0	0	63,679	214,117	0	0	0	277,796
Prepaid Expenses	13,115	20	0	178	0	0	0	0	13,313
Property, Plant & Equipment	0	0	0	852,106	14,880	0	36,778,383	0	37,645,369
Accumulated Depreciation, where applicable	0	0	0	(404,415)	(3,877)	0	0	0	(408,292)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	3,736,872	3,736,872
<b>Total Assets and Other Debits</b>	<b>\$ 33,789,010</b>	<b>2,167,488</b>	<b>1,675,110</b>	<b>1,947,053</b>	<b>2,116,046</b>	<b>1,806,266</b>	<b>36,778,383</b>	<b>3,736,872</b>	<b>\$ 84,016,228</b>

(Continued)



**Warren City School District**  
**Combined Balance Sheet**  
**All Fund Types and Account Groups, Continued**  
**June 30, 2001**

	Governmental Fund Types			Proprietary Fund Types		Fiduciary	Account Groups		Totals
	General	Special Revenue	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long Term Debt	2001 (Memorandum (Only))
Liabilities:									
Interfund Payables	\$ 0	28,000	0	0	0	5,000	0	0	\$ 33,000
Due to Other Funds	594,953	288,530	0	52,465	0	0	0	0	935,948
Intergovernmental Payable	21,715	6,863	0	44	0	1,669,098	0	496,501	2,194,221
Accounts Payable	1,058,757	365,794	58,854	35,167	14,989	45,472	0	0	1,579,033
Claims Payable	0	0	0	0	520,000	0	0	0	520,000
Accrued Salaries and Benefits	3,893,621	1,136,540	0	48,071	0	0	0	0	5,078,232
Deferred Revenue	19,928,177	0	0	56,622	0	0	0	0	19,984,799
Due to Others	0	0	0	0	0	27,750	0	0	27,750
Compensated Absences Payable	218,661	25,180	0	15,117	0	0	0	3,240,371	3,499,329
Early Retirement Incentive	175,000	20,000	0	0	0	0	0	0	195,000
<b>Total Liabilities</b>	<b>25,890,884</b>	<b>1,870,907</b>	<b>58,854</b>	<b>207,486</b>	<b>534,989</b>	<b>1,747,320</b>	<b>0</b>	<b>3,736,872</b>	<b>34,047,312</b>
Fund Equity and Other Credits:									
Investment in General Fixed Assets	0	0	0	0	0	0	36,778,383	0	36,778,383
Retained Earnings	0	0	0	1,739,567	1,581,057	25,098	0	0	3,345,722
Fund Balances:									
Reserved for Budget Stabilization	328,646	0	0	0	0	0	0	0	328,646
Reserved for Encumbrances	703,723	316,655	201,069	0	0	3,925	0	0	1,225,372
Reserved for Property Tax	63,886	0	0	0	0	0	0	0	63,886
Unreserved Fund Balance	6,801,871	(20,074)	1,415,187	0	0	29,923	0	0	8,226,907
<b>Total Fund Equity</b>	<b>7,898,126</b>	<b>296,581</b>	<b>1,616,256</b>	<b>0</b>	<b>0</b>	<b>33,848</b>	<b>0</b>	<b>0</b>	<b>9,844,811</b>
Total Fund Balances/Retained Earnings and Other Credits	7,898,126	296,581	1,616,256	1,739,567	1,581,057	58,946	36,778,383	0	49,968,916
Total Liabilities, Fund Equity, and Other Credits	<u>\$ 33,789,010</u>	<u>2,167,488</u>	<u>1,675,110</u>	<u>1,947,053</u>	<u>2,116,046</u>	<u>1,806,266</u>	<u>36,778,383</u>	<u>3,736,872</u>	<u>\$ 84,016,228</u>

See Accompanying Notes to the General Purpose Financial Statements

**Warren City School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**All Governmental Fund Types and Expendable Trust Funds**  
**Year Ended June 30, 2001**

	Governmental Fund Types				Fiduciary Fund Types Expendable Trust	Totals (Memorandum (Only))
	General	Special Revenue	Debt Service	Capital Projects		
<b>REVENUES:</b>						
Taxes	\$ 18,069,026	843	0	0	0	\$ 18,069,869
Tuition	345,963	0	0	0	0	345,963
Transportation Fees	52,056	20,500	0	0	0	72,556
Earnings on Investments	1,196,698	14,688	0	0	0	1,211,386
Extracurricular Activities	0	176,557	0	0	0	176,557
Miscellaneous	435,177	336,375	0	2,500	42,847	816,899
Revenue from Intermediate Sources						
Unrestricted Grants-in-Aid	0	4,409	0	0	0	4,409
Restricted Grants-in-Aid	0	0	0	0	17,941	17,941
Revenue from State Sources						
Unrestricted Grants -in-Aid	28,242,257	250,000	0	0	0	28,492,257
Restricted Grants-in-Aid	72,701	6,082,033	0	408,527	6,784	6,570,045
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	4,423	33,626	0	0	0	38,049
Restricted Grants-in-Aid	370,049	3,940,975	0	0	0	4,311,024
Revenue in Lieu of Taxes	35,602	0	0	0	0	35,602
Total Revenue	<u>48,823,952</u>	<u>10,860,006</u>	<u>0</u>	<u>411,027</u>	<u>67,572</u>	<u>60,162,557</u>
<b>EXPENDITURES:</b>						
Instruction						
Regular	18,493,066	4,959,309	0	0	21,291	23,473,666
Special	6,167,769	2,912,241	0	0	36,140	9,116,150
Vocational	679,874	0	0	0	6,150	686,024
Adult/Continuing/Other Instruction	146,370	235,953	0	0	0	382,323
Supporting Services						
Pupils	2,740,392	1,007,314	0	0	0	3,747,706
Instructional Staff	2,237,189	1,386,946	0	360,996	13,074	3,998,205
Board of Education	35,542	0	0	0	0	35,542
Administration	4,160,380	400,516	0	0	920	4,561,816
Fiscal Services	869,830	56,981	0	0	0	926,811
Business	593,327	13,150	0	0	0	606,477
Operation & Maintenance-Plant	7,602,743	196,604	0	0	0	7,799,347
Pupil Transportation	2,477,904	27,625	0	0	770	2,506,299
Central	749,566	16,549	0	0	0	766,115
Operation of Non-Instructional Services						
Food Services Operations	0	27,467	0	0	0	27,467
Community Services	0	790,517	0	0	0	790,517
Other Operational Non-Instructional Services	0	796	0	0	0	796
Extracurricular Activities						
Academic & Subject Oriented	179,727	82,815	0	0	0	262,542
Occupation Oriented Activity	0	6,030	0	0	0	6,030
Sports Oriented	537,213	261,962	0	0	0	799,175
Co-Curricular Activities	17	26,007	0	0	0	26,024
Capital Outlay						
Site Improvements	0	8,400	0	69,019	0	77,419
Building Acquisition & Construction	0	1,475	0	0	0	1,475
Building Improvements	56,172	0	0	1,480,588	0	1,536,760
Debt Service						
Repayment of Debt	0	0	80,337	0	0	80,337
Total Expenditures	<u>47,727,081</u>	<u>12,418,657</u>	<u>80,337</u>	<u>1,910,603</u>	<u>78,345</u>	<u>62,215,023</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,096,871	(1,558,651)	(80,337)	(1,499,576)	(10,773)	(2,052,466)
Other Financing Sources and Uses:						
Other Financing Sources						
Gain on Sale of Assets	15,983	0	0	0	0	15,983
Transfers-In	5,547	191,000	80,337	1,100,000	0	1,376,884
Refund of Prior Year Expenses	11,059	2,815	0	280,721	0	294,595
Other Financing Uses						
Transfer-Out	(1,371,337)	0	0	0	(5,547)	(1,376,884)
Refund of Prior Year Receipts	(136,640)	(110,772)	0	0	(184)	(247,596)
Pass Through Payments	0	(2,687)	0	0	0	(2,687)
Net Other Financing Sources and Uses	<u>(1,475,388)</u>	<u>80,356</u>	<u>80,337</u>	<u>1,380,721</u>	<u>(5,731)</u>	<u>60,295</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditure	(378,517)	(1,478,295)	0	(118,855)	(16,504)	(1,992,171)
Beginning Fund Balance	8,276,643	1,774,876	0	1,735,111	50,352	11,836,982
Ending Fund Balance	<u>\$ 7,898,126</u>	<u>296,581</u>	<u>0</u>	<u>1,616,256</u>	<u>33,848</u>	<u>\$ 9,844,811</u>

See Accompanying Notes to the General Purpose Financial Statements

**Warren City School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds**  
**Year Ended June 30, 2001**

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 17,475,784	18,093,365	617,581	860	843	\$ (17)
Tuition	577,000	606,912	29,912	0	0	0
Transportation Fees	45,000	44,168	(832)	20,500	20,500	0
Earnings on Investment	923,000	1,197,668	274,668	11,282	14,089	2,807
Extracurricular Activities	0	0	0	210,015	176,625	(33,390)
Miscellaneous	169,000	442,754	273,754	432,412	344,146	(88,266)
Intermediate Unrestricted Grants-in-Aid	0	0	0	3,400	4,409	1,009
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	27,752,368	28,055,698	303,330	319,104	250,000	(69,104)
State Restricted Grants-in-Aid	93,500	76,001	(17,499)	6,322,297	6,215,418	(106,879)
Federal Unrestricted Grants-in-Aid	5,000	4,667	(333)	108,626	108,626	0
Federal Restricted Grants-in -Aid	350,000	364,696	14,696	5,765,081	4,207,755	(1,557,326)
Revenue in Lieu of Taxes	40,000	35,602	(4,398)	0	0	0
<b>Total Revenue</b>	<b>47,430,652</b>	<b>48,921,531</b>	<b>1,490,879</b>	<b>13,193,577</b>	<b>11,342,411</b>	<b>(1,851,166)</b>
<b>Expenditures:</b>						
Regular Instruction	19,367,832	19,103,330	264,502	5,363,970	4,660,561	703,409
Special Instruction	5,992,088	5,950,613	41,475	4,220,401	2,874,836	1,345,565
Vocational Instruction	663,536	663,531	5	2,712	1,111	1,601
Other/Adult/Continuing Instruction	0	0	0	290,424	233,340	57,084
Other Instruction	230,000	166,880	63,120	0	0	0
Support Services-Pupils	2,755,261	2,679,999	75,262	1,397,514	1,134,090	263,424
Support Services-Instructional Staff	2,265,455	2,182,112	83,343	1,858,632	1,430,045	428,587
Support Services-Board of Education	48,135	46,163	1,972	0	0	0
Support Services-Administration	4,303,877	4,220,456	83,421	496,448	394,655	101,793
Fiscal Services	950,635	864,576	86,059	217,456	103,224	114,232
Support Services-Business	904,624	871,109	33,515	36,809	27,711	9,098
Operation & Maintenance-Plant	7,799,090	7,636,613	162,477	235,239	192,956	42,283
Support Services-Transportation	2,741,891	2,609,638	132,253	60,049	35,892	24,157
Support Services-Central	838,587	802,699	35,888	25,915	18,445	7,470
Food Services	0	0	0	29,836	29,187	649
Community Services	0	0	0	1,017,552	940,400	77,152
Other Operational Non-Instructional Services	0	0	0	4,835	3,287	1,548
Academic & Subject Oriented	174,146	174,146	0	118,404	85,690	32,714
Occupation Oriented Activities	3,890	0	3,890	10,968	6,163	4,805
Sports Oriented Activities	524,578	517,475	7,103	281,494	265,782	15,712
Co-Curricular Activities	16,015	17	15,998	37,414	31,017	6,397
Site Improvement	0	0	0	8,400	8,400	0
Building Acquisition & Construction	0	0	0	1,480	1,475	5
Building Improvement	71,000	56,172	14,828	843	0	843
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>49,650,640</b>	<b>48,545,529</b>	<b>1,105,111</b>	<b>15,716,795</b>	<b>12,478,267</b>	<b>3,238,528</b>
Excess of Revenue Over (Under) Expenditures	(2,219,988)	376,002	2,595,990	(2,523,218)	(1,135,856)	1,387,362
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	1,000	12,528	11,528	0	0	0
Transfer-In	0	5,547	5,547	171,220	191,000	19,780
Advances-In	159,673	159,673	0	0	28,000	28,000
Refund of Prior Year Expenditures	7,500	1,760	(5,740)	0	2,510	2,510
Transfer-Out	(1,371,377)	(1,371,337)	40	0	0	0
Advances-Out	(70,000)	(33,000)	37,000	0	(88,555)	(88,555)
Refund of Prior Year Receipts	(137,400)	(136,640)	760	(20,823)	(110,772)	(89,949)
Pass Through Payments	0	0	0	(2,687)	(2,687)	0
<b>Total Other Sources (Uses)</b>	<b>(1,410,604)</b>	<b>(1,361,469)</b>	<b>49,135</b>	<b>147,710</b>	<b>19,496</b>	<b>(128,214)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(3,630,592)	(985,467)	2,645,125	(2,375,508)	(1,116,360)	1,259,148
Beginning Fund Balance	10,767,480	10,767,480	0	2,101,531	2,101,531	0
Prior Year Carry Over Encumbrances	2,419,236	2,419,236	0	488,443	488,443	0
<b>Ending Fund Balance</b>	<b>\$ 9,556,124</b>	<b>12,201,249</b>	<b>2,645,125</b>	<b>214,466</b>	<b>1,473,614</b>	<b>\$ 1,259,148</b>

(Continued)

**Warren City School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**Year Ended June 30, 2001**

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	0	0	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	3,250	2,500	(750)
Intermediate Unrestricted Grants-in-Aid	0	0	0	0	0	0
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	408,527	408,527	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
<b>Total Revenue</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>411,777</b>	<b>411,027</b>	<b>(750)</b>
Expenditures:						
Regular Instruction	0	0	0	0	0	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	461,359	459,534	1,825
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Other Operational Non-Instructional Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented Activities	0	0	0	1,546	0	1,546
Co-Curricular Activities	0	0	0	0	0	0
Site Improvements	0	0	0	349,534	219,000	130,534
Building Acquisition & Construction	0	0	0	0	0	0
Building Improvement	0	0	0	2,053,616	1,940,406	113,210
Repayment of Debt	80,337	80,337	0	0	0	0
<b>Total Expenditures</b>	<b>80,337</b>	<b>80,337</b>	<b>0</b>	<b>2,866,055</b>	<b>2,618,940</b>	<b>247,115</b>
Excess of Revenue Over (Under) Expenditures	(80,337)	(80,337)	0	(2,454,278)	(2,207,913)	246,365
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	0	0	0
Transfer-In	80,337	80,337	0	0	1,100,000	1,100,000
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	0	0	0	215,900	280,721	64,821
Transfer-Out	0	0	0	0	0	0
Advance-Out	0	0	0	0	0	0
Refund of Prior Years Receipts	0	0	0	0	0	0
Pass Through Payments	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>80,337</b>	<b>80,337</b>	<b>0</b>	<b>215,900</b>	<b>1,380,721</b>	<b>1,164,821</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(2,238,378)	(827,192)	1,411,186
Beginning Fund Balance	0	0	0	262,910	262,910	0
Prior Year Carry Over Encumbrances	0	0	0	1,976,279	1,976,279	0
<b>Ending Fund Balance</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>811</b>	<b>1,411,997</b>	<b>\$ 1,411,186</b>

(Continued)

**Warren City School District**  
**Combined Statement of Revenues, Expenditures, and Changes in Fund Balances**  
**Budget and Actual (Non-GAAP Basis)**  
**All Governmental Fund Types and Expendable Trust Funds - Continued**  
**Year Ended June 30, 2001**

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	17,476,644	18,094,208	\$ 617,564
Tuition	0	0	0	577,000	692,595	115,595
Transportation Fees	0	0	0	65,500	64,668	(832)
Earnings on Investment	0	0	0	934,282	1,211,757	277,475
Extracurricular Activities	0	0	0	210,015	176,625	(33,390)
Miscellaneous	60,159	55,647	(4,512)	664,821	845,047	180,226
Intermediate Unrestricted Grants-in-Aid	0	0	0	3,400	4,409	1,009
Intermediate Restricted Grants-in-Aid	17,941	17,941	0	17,941	17,941	0
State Unrestricted Grants-in-Aid	0	0	0	28,071,472	28,220,015	148,543
State Restricted Grants-in-Aid	0	6,784	6,784	6,824,324	6,706,730	(117,594)
Federal Unrestricted Grants-in-Aid	0	0	0	113,626	113,293	(333)
Federal Restricted Grants-in-Aid	0	0	0	6,115,081	4,572,451	(1,542,630)
Revenue in Lieu of Taxes	0	0	0	40,000	35,602	(4,398)
<b>Total Revenue</b>	<b>78,100</b>	<b>80,372</b>	<b>2,272</b>	<b>61,114,106</b>	<b>60,755,341</b>	<b>(358,765)</b>
Expenditures:						
Regular Instruction	33,548	25,210	8,338	24,765,350	23,789,101	976,249
Special Instruction	44,500	44,338	162	10,256,989	8,869,787	1,387,202
Vocational Instruction	7,323	6,300	1,023	673,571	670,942	2,629
Other/Adult/Continuing Instruction	0	0	0	290,424	233,340	57,084
Other Instruction	0	0	0	230,000	166,880	63,120
Support Services-Pupils	2,734	0	2,734	4,155,509	3,814,089	341,420
Support Services-Instructional Staff	16,832	14,813	2,019	4,602,278	4,086,504	515,774
Support Services-Board of Education	0	0	0	48,135	46,163	1,972
Support Services-Administration	1,551	920	631	4,801,876	4,616,031	185,845
Fiscal Services	0	0	0	1,168,091	967,800	200,291
Support Services-Business	8,487	0	8,487	949,920	898,820	51,100
Operation & Maintenance-Plant	0	0	0	8,034,329	7,829,569	204,760
Support Services-Transportation	1,259	891	368	2,803,199	2,646,421	156,778
Support Services-Central	0	0	0	864,502	821,144	43,358
Food Services	0	0	0	29,836	29,187	649
Community Services	7	0	7	1,017,559	940,400	77,159
Other Operational Non-Instruction	726	0	726	5,561	3,287	2,274
Academic & Subject Oriented	0	0	0	292,550	259,836	32,714
Occupation Oriented Activities	0	0	0	14,858	6,163	8,695
Sports Oriented Activities	0	0	0	807,618	783,257	24,361
Co-Curricular Activities	0	0	0	53,429	31,034	22,395
Site Improvement	0	0	0	357,934	227,400	130,534
Building Acquisition & Construction	0	0	0	1,480	1,475	5
Building Improvement	0	0	0	2,125,459	1,996,578	128,881
Repayment of Debt	0	0	0	80,337	80,337	0
<b>Total Expenditures</b>	<b>116,967</b>	<b>92,472</b>	<b>24,495</b>	<b>68,430,794</b>	<b>63,815,545</b>	<b>4,615,249</b>
Excess of Revenue Over (Under) Expenditures	(38,867)	(12,100)	26,767	(7,316,688)	(3,060,204)	4,256,484
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	1,000	12,528	11,528
Transfer-In	0	0	0	251,557	1,376,884	1,125,327
Advances-In	0	5,000	5,000	159,673	192,673	33,000
Refund of Prior Year Expenditures	0	0	0	223,400	284,991	61,591
Transfer-Out	(5,547)	(5,547)	0	(1,376,924)	(1,376,884)	40
Advances-Out	0	(953)	(953)	(70,000)	(122,508)	(52,508)
Refund of Prior Years Expenses	(184)	(184)	0	(158,407)	(247,596)	(89,189)
Pass Through Payments	0	0	0	(2,687)	(2,687)	0
<b>Total Other Sources (Uses)</b>	<b>(5,731)</b>	<b>(1,684)</b>	<b>4,047</b>	<b>(972,388)</b>	<b>117,401</b>	<b>1,089,789</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(44,598)	(13,784)	30,814	(8,289,076)	(2,942,803)	5,346,273
Beginning Fund Balance	35,395	35,395	0	13,167,319	13,167,319	0
Prior Year Carry Over Encumbrances	1,026	1,026	0	4,894,224	4,894,224	0
<b>Ending Fund Balance</b>	<b>\$ (8,177)</b>	<b>22,637</b>	<b>30,814</b>	<b>9,772,467</b>	<b>15,118,740</b>	<b>\$ 5,346,273</b>

See Accompanying Notes to the General Purpose Financial Statements

**Warren City School District**  
**Combined Statement of Revenues, Expenses, and Changes in Retained Earnings**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**Year Ended June 30, 2001**

	Proprietary Fund Types			Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
<b>Operating Revenues:</b>				
Tuition	\$ 269,212	0	0	\$ 269,212
Food Service	346,137	0	0	346,137
Extracurricular Activities	0	14,208	0	14,208
Classroom Materials & Fees	39,427	0	0	39,427
Miscellaneous	11,961	4,986,660	0	4,998,621
Total Operating Revenue	<u>666,737</u>	<u>5,000,868</u>	<u>0</u>	<u>5,667,605</u>
<b>Operating Expenses:</b>				
Personal Services - Salary	866,668	2,550	0	869,218
Employee Benefits	336,723	3,129	0	339,852
Purchased Services	64,493	0	0	64,493
Supplies and Materials	1,028,293	222,834	0	1,251,127
Other Expenses	3,100	4,215,800	0	4,218,900
Depreciation	25,993	992	0	26,985
Total Operating Expenses	<u>2,325,270</u>	<u>4,445,305</u>	<u>0</u>	<u>6,770,575</u>
Operating Gain (Loss)	(1,658,533)	555,563	0	(1,102,970)
<b>Non-Operating Revenues:</b>				
Earnings On Investments	40,388	0	1,240	41,628
Miscellaneous	9,113	7,007	112	16,232
State Restricted Grants-in-Aid	90,993	0	0	90,993
Revenue for/on Behalf of District	19,152	0	0	19,152
Federal Unrestricted Grants-In-Aid	1,293,507	0	0	1,293,507
Federal Restricted Grants-In-Aid	332,190	0	0	332,190
Other Revenues	636	0	0	636
Total Non-Operating Revenues	<u>1,785,979</u>	<u>7,007</u>	<u>1,352</u>	<u>1,794,338</u>
<b>Non-Operating Expenses:</b>				
Loss on Disposal of Assets	276	0	0	276
Total Non-Operating Expenses	<u>276</u>	<u>0</u>	<u>0</u>	<u>276</u>
Net Income	127,170	562,570	1,352	691,092
Beginning Retained Earnings	1,612,397	1,018,487	23,746	2,654,630
Retained Earnings at End of Year	<u>\$ 1,739,567</u>	<u>1,581,057</u>	<u>25,098</u>	<u>\$ 3,345,722</u>

See Accompanying Notes to the General Purpose Financial Statements

**Warren City School District**  
**Combined Statement of Changes in Cash Flows**  
**All Proprietary Fund Types and Non-Expendable Trust Funds**  
**Year Ended June 30, 2001**

	Proprietary Fund Types			Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
Cash Flows from Operating Activities				
Operating Loss	\$ (1,658,533)	555,563	0	\$ (1,102,970)
Adjustment to Reconcile Operating Loss				
To Net Cash used in Operating Activities:				
Depreciation	25,993	992	0	26,985
Net (Increase) Decrease in Assets:				
Due from Other Governments	15,426	0	0	15,426
Accounts Receivable	21,249	(450,936)	0	(429,687)
Inventory	18,026	4,207	0	22,233
Prepaid Expense	(104)	0	0	(104)
Net Increases (Decreases) in Liabilities:				
Due to Other Funds	(27,474)	0	0	(27,474)
Due to Other Governments	3	0	0	3
Accounts Payable	31,960	(126)	0	31,834
Claims Payable	0	19,000	0	19,000
Accrued Wages and Benefits	21,515	0	0	21,515
Deferred Revenue	(10,907)	0	0	(10,907)
Compensated Absences	(789)	0	0	(789)
Total Adjustments	<u>94,898</u>	<u>(426,863)</u>	<u>0</u>	<u>(331,965)</u>
Net Cash Used in Operating Activities	(1,563,635)	128,700	0	(1,434,935)
Cash Flows from Noncapital Activities:				
Earnings on Investments	40,388	0	1,240	41,628
Operating Grants from State Sources	90,993	0	0	90,993
Operating Grants from Federal Sources	1,625,697	0	0	1,625,697
Other Net	28,901	7,007	112	36,020
Net Cash Provided by Noncapital Financing Sources	<u>1,785,979</u>	<u>7,007</u>	<u>1,352</u>	<u>1,794,338</u>
Cash Flows from Capital Financing Sources:				
Acquisition of Assets	(48,056)	0	0	(48,056)
Net Cash Provided by Capital Financing Sources	<u>(48,056)</u>	<u>0</u>	<u>0</u>	<u>(48,056)</u>
Net Increase in Cash & Cash Equivalents	174,288	135,707	1,352	311,347
Cash and Cash Equivalents at Beginning of Year	<u>949,400</u>	<u>928,884</u>	<u>23,746</u>	<u>1,902,030</u>
Cash and Cash Equivalents at End of Year	<u>\$ 1,123,688</u>	<u>1,064,591</u>	<u>25,098</u>	<u>\$ 2,213,377</u>

See Accompanying Notes to General Purpose Financial Statements

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**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

**A. Reporting Entity**

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

Average daily membership (ADM) as of October 1, 2000, was 6,807. The District employed 638 certified employees and 383 non-certificated employees.

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

The accompanying general purpose financial statements comply with the provisions of Governmental Accounting Standards Board (GASB) Statement No. 14, *The Financial Reporting Entity*, in that the financial statements include all organizations, activities and functions for which the district is financially accountable. This report includes all activities considered by management to be part of the District by virtue of Section 2100 of the Codification of Governmental Accounting and Financial Reporting Standards.

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

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

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

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

**B. Fund Accounting**

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

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

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period.
  - a. Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
  - b. Property taxes measurable as of June 30, 2001 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2002 operations, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The Proprietary Funds are accounted for on the accrual basis of accounting. Revenues are recognized in the period earned and expenses are recognized in the period incurred. Pursuant to GASB Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, the District follows GASB guidance as applicable to proprietary funds and FASB Statements and Interpretations, Accounting Principles Board Opinions and Accounting Research Bulletins issued on or before November 30, 1989 that do not conflict with or contradict GASB pronouncements.

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

**D. Budget and Budgetary Accounting**

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

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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

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

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

Encumbrances - As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of monies are recorded as the equivalent of expenditures on the non-GAAP budgetary basis in order to reserve that portion of the applicable appropriation and to determine and maintain legal compliance. On the GAAP basis, encumbrances outstanding at year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**E. Cash and Investments**

Cash received by the District is pooled in a central bank account with individual fund balance integrity maintained throughout. Individual fund integrity is maintained through the District's records. Each fund's interest in the pool is presented as "Equity in Pooled Cash and Investments." During the fiscal year all investments were limited to the State Treasury Asset Reserve of Ohio (STAR Ohio) and repurchase agreements.

Investments are reported at cost except for investments in STAR Ohio which are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2001.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund.

For the District, all investment earnings accrue to the General Fund, Special Revenue Funds, Permanent Improvements Funds, Internal Service Funds, and Non-Expendable Trust Funds as authorized by board resolution. Interest income earned in fiscal year 2001 totaled \$1,196,698 for the General Fund, \$14,688 for the Special Revenue Funds, \$40,388 for the Enterprise Funds, and \$1,240 for the Non-Expendable Trust Funds.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 2001. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2001 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

**G. Inventories**

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventories are determined by physical count. Inventory in governmental funds consists of expendable supplies held for consumption. The cost of the governmental fund type inventories are recorded as expenditures when purchased (purchase method) rather than when consumed. Reported inventories in these funds are equally offset by a fund balance reserve which indicates they are unavailable for appropriation. Inventories of proprietary funds consist of donated food, purchased food, and general supplies, and are expended when used.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**H. Prepaid Items**

Payments made to vendors for services that will benefit periods beyond June 30, 2001 are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed. Some examples of prepaid items are: equipment maintenance agreements, vehicle insurance, liability insurance, and building and contents insurance.

**I. Fixed Assets**

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

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

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

**J. Intergovernmental Revenues**

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

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

Entitlements:

General Fund

State Foundation Program

School Bus Funding

Special Revenue Funds

Educational Management Information Systems

Reimbursable Grants:

Special Revenue Funds

Auxiliary Services Program

WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Non-Reimbursable Grants:

Special Revenue Funds

Adolescent Pregnancy Prevention  
Adult Basic Education  
DPIA  
Drug Free Schools  
Eisenhower Math/Science  
Goals 2000  
JTPA, Title IIB  
Local Professional Development  
Title I  
Title VI  
Title VI-B  
Title VI-R  
Urban Pilot Project  
Venture Capital  
Ohio Reads  
Excellence in Education  
Gifted Education  
SchoolNet Professional Development  
Alternative Schools  
Summer Intervention  
Reading Recovery  
Community Service Block Grant  
Miscellaneous State and Federal Grants

Capital Projects

SchoolNet Plus

Reimbursable Grants:

General Fund

Driver Education Reimbursement  
Community Alternative Funding System

Proprietary Funds

National School Lunch Program  
Government Donated Commodities

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

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2001, the District had \$935,948 in "Due to Other Funds" and \$33,000 in "Interfund Receivables/Payables."



**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**L. Advances to Other Funds**

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicates that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2001 the District had no long-term interfund loans.

**M. Compensated Absences**

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

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

For governmental funds, the District records a liability for accumulated unused vacation and sick leave when earned. The current portion of these unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "compensated absences payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term debt account group. In proprietary funds, compensated absences are expensed when earned with the amount reported as a fund liability.

**N. Contributed Capital**

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2001, the District had no contributed capital.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**O. Long-Term Obligations**

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

**P. Interfund Transactions**

Quasi-external transactions are accounted for as revenues, expenditures, or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses initially made from it that are properly applicable to another fund, are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other interfund transactions, except quasi-external transactions and reimbursements, are reported as transfers. Non-recurring or non-routine permanent transfers of equity are reported as residual equity transfers. All other interfund transfers are reported as operating transfers.

**Q. Fund Balance Reserves**

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

**R. Restricted Assets**

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. A related fund balance reserve has also been established.

**S. Estimates**

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

**T. Memorandum Only - Total Columns**

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**2. BUDGETARY BASIS OF ACCOUNTING**

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

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

	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ (378,517)	(1,478,295)	0	(118,855)	\$ (16,504)
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenues	97,579	482,405	0	0	12,800
Due to Expenditures:					
Net Adjustments to Expenditures	(818,448)	(59,610)	0	(708,337)	(14,127)
Due to Other Sources/Uses	113,919	(60,860)	0	0	4,047
Budget Basis	<u>\$ (985,467)</u>	<u>(1,116,360)</u>	<u>0</u>	<u>(827,192)</u>	<u>\$ (13,784)</u>

**3. ACCOUNTABILITY AND COMPLIANCE**

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

**4. CASH AND INVESTMENTS**

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

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

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

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. CASH AND INVESTMENTS (Continued)**

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

1. United States Treasury Notes, Bills, Bonds, or any other obligation or security issued by the United States Treasury or any other obligation guaranteed as to principal and interest by the United States;
2. Bonds, notes, debentures, or any other obligations or securities issued by any Federal Government Agency or instrumentality, including but not limited to, the Federal National Mortgage Association, Federal Home Loan Bank, Federal Farm Credit Bank, Federal Home Loan Mortgage Corporation, Government National Mortgage Association, and Student Loan Marketing Association. All federal agency securities shall be direct issuances of Federal Government Agencies or instrumentalities;
3. Written repurchase agreements in the securities listed above provided that the market value of the securities subject to the repurchase agreement must exceed the principal value of the agreement by at least two percent and be marked to market daily, and that the term of the agreement must not exceed thirty days;
4. Bonds and other obligations of the State of Ohio or its political subdivisions, provided that such political subdivisions are located wholly or partly within the District;
5. Time certificates of deposit or savings or deposit accounts, including, but not limited to, passbook accounts;
6. 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;
7. The State Treasurer's investment pool (STAR Ohio);
8. Certain bankers' acceptances and commercial paper notes for period not to exceed one hundred and eighty days from the date of purchase in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time.

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**4. CASH AND INVESTMENTS (Continued)**

**Deposits:** At fiscal year end, the carrying amount of the District's deposits was (\$995,045) and the bank balance was \$17,834. All of the bank balance was covered by Federal Depository Insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**Investments:** GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* requires the District's investments to be categorized to give an indication of the level of 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 for which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreements	\$ 0	\$ 0	\$ 17,209,486	\$ 17,209,486	\$ 17,209,486
STAR Ohio				4,205,701	4,205,701
Total Investments				<u>\$ 21,415,187</u>	<u>\$ 21,415,187</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 entitled *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 20,424,912	\$ 0
Investments:		
Repurchase Agreements	(17,209,486)	17,209,486
STAR Ohio	(4,205,701)	4,205,701
Total	(990,275)	21,415,187
Cash on Hand	(4,770)	0
GASB Statement No. 3	<u>\$ (995,045)</u>	<u>\$ 21,415,187</u>

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**5. PROPERTY TAX**

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Trumbull County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last evaluation for the District was completed in 1999; an update is scheduled for 2002. The next revaluation is scheduled for 2005. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in February. If paid semi-annually, the first payment is due in February, with the remainder payable in July.

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

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

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

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

The full tax rate at the fiscal year ended June 30, 2001 for operations was \$52.38 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2001 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$	85,680,940
Real Property-Residential/Agricultural		229,658,980
Real Property-Public Utilities		88,630
Personal Property-General		110,512,178
Personal Property-Public Utilities		32,880,370
		<hr/>
Total Assessed Value	\$	<u>458,821,098</u>

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**6. RECEIVABLES**

Receivables at June 30, 2001 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Tuition	\$ 81,436
Transportation Fees	1,691
CAFS Reimbursement	<u>50,090</u>
Total General Fund	\$ 133,217
Special Revenue Funds:	
Conflict Management	3,000
ABLE Grant	<u>29,000</u>
Total Special Revenue Funds	\$ 32,000
Enterprise Funds:	
Food Service	197,609
Adult Education	<u>15,750</u>
Total Enterprise Fund	\$ 213,359
Grand Total	<u><u>\$ 378,576</u></u>

**7. FIXED ASSETS**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2001:

Furniture and Equipment	\$ 866,986
Less Accumulated Depreciation	<u>(408,292)</u>
Net Fixed Assets	<u><u>\$ 458,694</u></u>

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**7. FIXED ASSETS (Continued)**

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2001:

	General Fixed Assets June 30, 2000	Additions	Deletions	General Fixed Assets June 30, 2001
Land and Improvements	\$ 443,364	0	0	\$ 443,364
Buildings	15,355,369	1,177,393	0	16,532,762
Furniture and Equipment	15,985,721	1,453,813	58,151	17,381,383
Vehicles	2,165,851	621,551	366,528	2,420,874
Construction in Progress	239,265	0	239,265	0
Total General Fixed Assets	<u>\$ 34,189,570</u>	<u>3,252,757</u>	<u>663,944</u>	<u>\$ 36,778,383</u>

**8. DEFINED BENEFIT PENSION PLANS**

**1. School Employees Retirement System**

The District contributes to the School Employees Retirement System (SERS), a cost-sharing multiple-employer defined benefit pension plan. SERS provides retirement and disability benefits, annual cost-of-living adjustments, and death benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. A portion of the District's contribution is used to fund pension obligations with the remainder being used to fund health care benefits; for fiscal year 2001, 4.2 percent of annual covered salary was the portion used to fund pension obligations. For fiscal year 2000, 5.5 percent was used to fund the pension obligations. The contribution requirements of plan members and employers are established and may be amended, up to statutory maximum amount, by the SERS' Retirement Board. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$1,108,632, \$1,146,200 and \$1,136,154 respectively; 43.87 percent has been contributed for fiscal year 2001 and 100 percent for fiscal years 2000 and 1999. \$709,367 representing the unpaid contribution for fiscal year 2001, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.



**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**8. DEFINED BENEFIT PENSION PLANS (Continued)**

**2. State Teachers Retirement System**

The District participates in the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer public employee retirement system. STRS provides basic retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to members and beneficiaries. Benefits are established by Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information for STRS. That report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

For the fiscal year ended June 30, 2001, plan members are required to contribute 9.3 percent of their annual covered salaries. The District is required to contribute 14 percent; 9.5 percent was the portion used to fund pension obligations. For fiscal year 2000, 6 percent was 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 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2001, 2000, and 1999 were \$4,042,464, \$3,523,092 and \$3,268,584, respectively; 83.33 percent has been contributed for fiscal year 2001, and 100 percent for fiscal years 2000 and 1999. \$673,745 representing the unpaid contribution for fiscal year 2001, is recorded as a liability within the respective funds.

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care cost will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 2001, the STRS Board allocated employer contributions equal to 4.5 percent of covered payroll to the Health Care Reserve Fund, a decrease of 3.5 percent for fiscal year 2001. For the District, this amount equaled \$1,299,363 for fiscal year 2001.

STRS pays health care benefits from the Health Care Reserve Fund. At June 30, 2000, (the latest information available) the balance in the Fund was \$3.419 billion. For the year ended June 30, 2000, net health care costs paid by STRS were \$283,137,000 and STRS had 99,011 eligible benefit recipients.

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**9. POSTEMPLOYMENT BENEFITS (Continued)**

After the allocation for basic benefits, the remainder of the employer's 14 percent contribution is allocated to providing health care benefits. For the fiscal year ended June 30, 2001, employer contributions to fund health care benefits were 9.8 percent of covered payroll, an increase of 1.3 percent for fiscal year 2001. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2001, the minimum pay has been established at \$12,400. For the District, the amount to fund health care benefits, including surcharge, during the 2001 fiscal year equaled \$931,093.

The surcharge, added to the unallocated portion of the 14 percent employer contribution rate, provides for maintenance of the asset target level for the health care fund. The target level for the health care reserve is 150 percent of annual health care expenses. Expenses for health care at June 30, 2000, (the latest information available), were \$140,696,340 and the target level was \$211.0 million. At June 30, 2000, SERS had net assets available for payment of health care benefits of \$252.3 million. SERS has approximately 50,000 participants receiving health care benefits.

**10. COMPENSATED ABSENCES**

The criteria for determining vested vacation and sick leave components are derived from negotiated agreements and State laws. Full-time employees, including full-time hourly rated and per diem employees, are granted vacation with pay as follows:

<u>Years Service</u>	<u>Vacation Days</u>
0-1	None
1-8 inclusive	2 Weeks Annually
After 8-12	3 Weeks Annually
After 12 or more	4 Weeks Annually

Any vacation days which are not used as of December 31 are not available for use in a subsequent year for classified personnel. Administrators are permitted to carryover five (5) unused days to the next calendar year.

Each employee earns sick leave at the rate of one and one-quarter days for each completed month of service, or fifteen (15) days for each completed year of service. The maximum number of sick leave days that employees may accumulate is unlimited. Any sick leave earned or unused in prior employment with another public school district or other agency of the state, shall, upon presentation of a certified copy stating the number of sick leave days earned and unused from such employers, be transferred to the employees account at the time of employment in the manner prescribed by state law.

Retirement severance is paid to each employee with ten (10) or more years of service in the District who elects to retire from active service or who dies while on active service. The employee, or his/her estate shall receive, in one lump sum one-fourth (1/4) of the value of his/her accrued and unused sick leave to a maximum of thirty (30) days (1/4 of 120 days) multiplied times his/her per diem rate at the time of retirement. Sick leave balances in excess of the 120 days are paid at one-eighth the per diem rate.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT**

**1. General Risk**

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, The District maintains a \$2,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$2,000,000 for any one accident or loss.

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of this grouping and representation with other participants in the GRP. The workers' compensation experience for 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 GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will 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 & Company provides administrative, cost control and actuarial services to the GRP.

**2. Health Insurance**

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

This self-insurance fund was established for the purpose of accumulating balances sufficient to self-insure basic medical coverage and permit excess umbrella coverage for claims over a pre-determined level. Board and employee premium contributions are determined by negotiated agreement. Amounts are paid into this fund from the General Fund, Lunchroom Fund, and certain Special Revenue Funds (Grants). Claims payments are made on an as-incurred basis, thus no "reserve" remains with the insurance carrier.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**11. RISK MANAGEMENT (Continued)**

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors.

Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$520,000 at June 30, 2001.

A summary of changes in self-insurance claims for the current and two proceeding years follows:

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
1999	415,000	2,266,003	(2,243,003)	438,000
2000	438,000	2,947,370	(2,884,370)	501,000
2001	501,000	2,604,161	(2,585,161)	520,000

Monies are provided from each fund based on a per-employee charge and are recorded as charges for services in the Self-Insurance Fund and as an expenditure in the disbursing fund.

The following is a summary of payments made to the Self-Insurance Fund by fund type:

General Fund	\$ 3,330,265
Special Revenue Funds	865,003
Enterprise Funds	<u>129,751</u>
Total Contributions	<u><u>\$ 4,325,019</u></u>

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**12. GENERAL LONG-TERM DEBT**

A summary of changes in long-term obligations for the year ended June 30, 2001, are as follows:

	July 1, 2000	Additions	Deletions	June 30, 2001
Intergovernmental Payable	\$ 415,505	496,501	415,505	\$ 496,501
Asbestos Assistance	80,336	0	80,336	0
Compensated Absences Payable*	2,921,539	318,832	0	3,240,371
	<u>\$ 3,417,380</u>	<u>815,333</u>	<u>495,841</u>	<u>\$ 3,736,872</u>

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

**Debt Limitations:** The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9 percent of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .01 percent of the total assessed value of property. The District has no unvoted debt. At June 30, 2001, the District's unvoted debt margin is \$458,821 and the voted debt margin is \$41,293,898.

**Asbestos Assistance Loan:** The District received an interest free grant and loan for asbestos assistance with the United States Environmental Protection Agency. Under the Asbestos Schools Hazard Abatement Act of 1984, the District received a grant of \$204,607.42 and a loan of \$327,559.18 to assist in an asbestos removal project. The repayment schedule for the loan portion is \$9,099 every six months, with the first payment made in June 1987 and the final amount due December 2005. The District, however, elected to retire the remaining obligation in December, 2000.

**Intergovernmental Payables:** The District makes payments to the School Employees Retirement System for surcharge and retirement contributions through deductions from state foundation payments. The deduction takes place outside of the available period and is not considered to be paid from currently available resources. Therefore, the liability is presented as an intergovernmental payable in the general long term debt account group.

**13. INTERFUND TRANSACTIONS**

At June 30, 2001, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 33,000	\$ 0
Special Revenue	0	28,000
Agency Fund	0	5,000
	<u>\$ 33,000</u>	<u>\$ 33,000</u>

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**13. INTERFUND TRANSACTIONS (Continued)**

Due From/To Other Funds:

	Due To Other Funds	Due From Other Funds
Agency Fund	\$ 0	\$ 935,948
General Fund	594,953	0
Special Revenue Fund	288,530	0
Enterprise Fund	52,465	0
	\$ 935,948	\$ 935,948

**14. SEGMENTS OF ENTERPRISE ACTIVITIES**

Key financial data for the District's Enterprise Funds for the year ended June 30, 2001, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education	U.S. Swim	Special Enterprise	Total
Operating Revenues	\$ 355,294	39,427	269,212	2,804	0	\$ 666,737
Operating Expenses:	1,803,536	39,505	453,432	2,804	0	2,299,277
Depreciation	16,172	3,386	6,380	0	55	25,993
Total Operating Expenses	1,819,708	42,891	459,812	2,804	55	2,325,270
Operating Income (loss)	(1,464,414)	(3,464)	(190,600)	0	(55)	(1,658,533)
Non Operating Revenues and Expenses:						
Operating Grants	1,580,421	0	155,419	0	0	1,735,840
Other Net	40,751	8,562	550	0	0	49,863
Net Income (loss)	156,758	5,098	(34,631)	0	(55)	127,170
Net Working Capital	979,243	75,294	233,788	1,379	2,171	1,291,875
Total Assets	1,537,187	111,582	294,490	1,379	2,415	1,947,053
Total Fund Equity	\$1,356,632	108,725	270,416	1,379	2,415	\$ 1,739,567

**15. JOINTLY GOVERNED ORGANIZATIONS**

TRUMBULL CAREER AND TECHNICAL CENTER - The Trumbull Career and Technical Center 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 fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial information can be obtained by contacting the Treasurer at 528 Educational Highway, Warren, Ohio 44483.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**15. JOINTLY GOVERNED ORGANIZATIONS**

NORTHEAST OHIO MANAGEMENT INFORMATION NETWORK- (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. The District contributed \$105,885 to NEOMIN for fiscal year 2001.

Superintendents of the participating school districts are eligible to be voting members of the Governing Board which consists of ten members: the Trumbull and Ashtabula County superintendents (permanent members), three superintendents from Ashtabula County school districts, three superintendents from Trumbull County districts, and a treasurer from each county. The District was not represented on the Governing Board during fiscal year 2001. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

NORTHEAST OHIO SPECIAL EDUCATION REGIONAL RESOURCE CENTER- (NEOSERRC) is a special education service center which selects its own board, adopts its own budget and receives direct Federal and State grants for its operation. The jointly governed organization was formed for the purpose of initiating, expanding and improving special education programs and services for children with disabilities and their parents.

NEOSERRC is governed by a governing board of 39 members made up of representatives from 35 superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Board. Financial information can be obtained by contacting the Treasurer at the Mahoning County Educational Service Center, 2801 Market Street, Youngstown, Ohio, 44507.

**16. CONTINGENCIES**

**1. Grants**

The District received financial assistance from federal and state agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material adverse effect on the overall financial position of the District at June 30, 2001.

**2. Litigation**

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2001.

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**17. SCHOOL FUNDING DECISION**

On September 6, 2001, the Ohio Supreme Court issued its latest opinion regarding the State's school funding plan. The decision identified aspects of the current plan that require modification if the plan is to be considered constitutional, including:

- ▶ A change in the school districts that are used as the basis for determining the base cost support amount. Any change in the amount of funds distributed to school districts as a result of this change must be retroactive to July 1, 2001, although a time line for distribution is not specified.
- ▶ Fully funding parity aid no later than the beginning of fiscal year 2004 rather than fiscal year 2006.

The Supreme Court relinquished jurisdiction over the case based on anticipated compliance with its order.

In general, it is expected that the decision would result in an increase in State funding for most Ohio school districts. However, as of the date of this report, the Ohio General Assembly is still analyzing the impact this Supreme Court decision will have on funding for individual school districts. Further, the State of Ohio, in a motion filed September 17, 2001, asked the Court to reconsider and clarify the parts of the decision changing the school districts that are used as the basis for determining the base cost support amount and the requirement that changes be made retroactive to July 1, 2001.

On November 2, 2001, the Court granted this motion for reconsideration. The Court may re-examine and redetermine any issue upon such reconsideration.

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

**18. STATUTORY RESERVES**

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2001, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/2000	\$ 0	\$ 0	\$ 328,646	\$ 328,646
Required Set Aside	985,936	985,936	0	1,971,872
Offset Credits	0	0	0	0
Qualifying Expenditures	(1,017,721)	(1,064,000)	0	(2,081,721)
Balance, 6/30/2001	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 328,646</u>	<u>\$ 328,646</u>

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



**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS  
JUNE 30, 2001  
(Continued)**

**19. FUND DEFICITS**

Fund balances at June 30, 2001, include the following individual fund deficits:

D.P.I.A.	\$ (777,070)
ABLE	\$ (6,250)
Title VI	\$ (13,312)
Community Development Block Grant	\$ (12,283)
Title VI-R	\$ (43,965)
Performance Incentive Grant	\$ (1,796)
Reading Excellence Grant	\$ (63,750)

These deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The District is aware of the deficits and will take the necessary steps to alleviate them. Additionally, revenues were insufficient to cover expenditures on the modified accrual basis of accounting. The general fund is liable for any deficit in the fund and provides operating transfers when cash is required, not when accruals occur.

**20. CHANGES IN ACCOUNTING PRINCIPLES AND RESTATEMENT OF FUND BALANCE**

For fiscal year 2001, the District has implemented GASB Statement No. 33, *Accounting and Financial Reporting for Nonexchange Transactions*. At June 30, 2001 there was no effect on fund balances as a result of implementing GASB 33.

WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
<b><u>U.S. DEPARTMENT OF AGRICULTURE</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$185,016		\$195,923
School Breakfast Program	05-PU-00/01	10.553	\$249,588		\$249,588	
National School Lunch Program	03/04-PU-00/01	10.555	1,034,428		1,006,033	
SSummer Food Service Program	23/24-ML-AD-99	10.559	33,153		28,405	
Total U.S. Department of Agriculture - Nutrition Cluster			1,317,169	185,016	1,284,026	195,923
<b><u>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</u></b>						
<i>Passed Through City of Warren, Ohio:</i>						
Community Development Block Grant	N/A	14.218			4,773	
Total U.S. Department of Housing and Urban Development					4,773	
<b><u>U.S. DEPARTMENT OF EDUCATION</u></b>						
<i>Passed Through Ohio Department of Education:</i>						
Adult Education- State Grant Program	AB-S1-00 AB-S1-01 AB-S1-00C	84.002	35,205 111,049 18,362 164,616		56,478 111,049 19,840 187,367	
Grants to Local Educational Agencies (ESEA Title I)	C1-SD-00 C1-S1-01 C1-S1-00 C1-SD-01 C1-S1-00C C1-SD-00C	84.010	16,074 1,785,914 200,000 55,903 177,565 7,967 2,227,349		16,074 1,428,845 415,148 33,367 353,573 8,700 2,255,707	
Special Education Cluster:						
Special Education Grants to States (IDEA Part B)	6B-SF-00P 6B-SF-99P 6B-SF-01P	84.027	108,626 84,349 616,805		200,103 84,349 527,022	
Total Special Education Cluster			809,780		811,474	
Safe and Drug-Free Schools - State grants	DR-S1-00 DR-S1-01	84.186	55,155 55,155		14,586 45,014 59,600	
Goals 2000	G2-S8-00 G2-S1-00 G2-S2-01 G2-S2-00 G2-S2-99 G2-S1-01	84.276	5,850 52,100 45,000 20,000 36,375 159,325		2,873 66,091 20,939 35,301 69,646 42,341 237,191	

WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
FOR THE YEAR ENDED JUNE 30, 2001  
(Continued)

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Eisenhower Professional Development State Grants	MS-S1-99C MS-S1-01 MS-S1-00	84.281	55,005 16,660 <u>71,665</u>		3,886 13,142 19,180 <u>36,208</u>	
Innovative Educational Program Strategies	C2-S1-00 C2-S1-01 C2-S1-00C	84.298	10,431 55,755 <u>66,186</u>		20,333 33,385 6,215 <u>59,933</u>	
Technology Literacy Challenge Fund	TF-15-00P	84.318			<u>25,000</u> 25,000	
Class Size Reduction	CR-S1-00 CR-S1-01	84.340	121,563 232,070 <u>353,633</u>		196,288 208,553 <u>404,841</u>	
Reading Excellence	RN-S1-00	84.338	287,704		354,932	
<i>Direct Federal Programs:</i>						
Impact Aid	N/A	84.041	4,667 <u>4,667</u>		4,667 <u>4,667</u>	
21st Century Community Learning Centers	S2-87B-245-00	84.287	63,500 <u>63,500</u>		48,239 <u>48,239</u>	
Total U.S. Department of Education Direct Federal Programs			<u>68,167</u>		<u>52,906</u>	
Total U.S. Department of Education			<u>4,263,580</u>		<u>4,485,159</u>	
<b><u>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</u></b>						
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>						
Medical Assistance Program (CAFS)		93.778	364,696 <u>364,696</u>		364,696 <u>364,696</u>	
Total U.S. Department of Health and Human Services			<u>364,696</u>		<u>364,696</u>	
<b>TOTAL FEDERAL ASSISTANCE</b>			<b><u>\$5,945,445</u></b>	<b><u>\$185,016</u></b>	<b><u>\$6,138,654</u></b>	<b><u>\$195,923</u></b>

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

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES  
JUNE 30, 2001**

**NOTE A--SIGNIFICANT ACCOUNTING POLICIES**

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

**NOTE B--FOOD DISTRIBUTION**

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2001, the District had food commodities valued at \$56,623 in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the School contribute non-Federal funds (matching funds) to support the Federally-funded programs. The School has complied with the matching requirements. The expenditure of non-Federal matching funds is not included on the Schedule.



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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242 Federal Plaza West  
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**REPORT OF INDEPENDENT ACCOUNTANTS ON COMPLIANCE AND ON  
INTERNAL CONTROL REQUIRED BY GOVERNMENT AUDITING STANDARDS**

Warren City School District  
Trumbull County  
261 Monroe Street N.W.  
Warren, Ohio 44483

To the Board of Education:

We have audited the financial statements of Warren City School District, Trumbull County, as of and for the year ended June 30, 2001, and have issued our report thereon dated December 21, 2001. We conducted our audit in accordance with auditing standards generally accepted in the United States of America 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 Warren City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

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

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

December 21, 2001

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

Warren City School District  
Trumbull County  
261 Monroe Street N.W.  
Warren, Ohio 44483

To the Board of Education:

**Compliance**

We have audited the compliance of Warren City School District with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to each of its major federal programs for the year ended June 30, 2001. Warren City School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to each of its major federal programs is the responsibility of Warren City School District's management. Our responsibility is to express an opinion on Warren City School District's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; 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 Warren City School 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 Warren City School District's compliance with those requirements.

In our opinion, Warren City School District complied, in all material respects, with the requirements referred to above that are applicable to its major federal programs for the year ended June 30, 2001.

**Internal Control Over Compliance**

The management of Warren City School 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 Warren City School District's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over federal compliance that do not require inclusion of this report that we have reported to management of the District in a separate letter dated December 21, 2001.

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

**Jim Petro**  
Auditor of State

December 21, 2001



**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505  
JUNE 30, 2001**

**1. SUMMARY OF AUDITOR'S RESULTS**

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):  84.027 93.778 84.338 84.340	
<i>(d)(1)(viii)</i>	DollarThreshold: Type A\B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

Finding Number	N/A - no findings
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**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**1. Title of Finding**

Finding Number	N/A - no findings
CFDA Title and Number	
Federal Award Number / Year	
Federal Agency	
Pass-Through Agency	

WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY

SCHEDULE OF PRIOR AUDIT FINDINGS  
*OMB CIRCULAR A -133 § .315 (b)*  
JUNE 30, 2001

Finding <u>Number</u>	Finding <u>Summary</u>	Fully <u>Corrected?</u>	Not Corrected, Partially Corrected; Significantly Different Corrective Action Taken; or Finding No <u>Longer</u> Valid; <b><i>Explain:</i></b>
2000 - 11178-001	An incorrect severance over-payment of \$636.08 was made due to a miscalculation of the severance formula.	Yes, the \$636.08 was repaid on 10/10/00.	



STATE OF OHIO  
OFFICE OF THE AUDITOR  

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**WARREN CITY SCHOOL DISTRICT**

**TRUMBULL COUNTY**

**CLERK'S CERTIFICATION**

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

*Susan Babbitt*

**CLERK OF THE BUREAU**

**CERTIFIED  
FEBRUARY 5, 2002**