



**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Niles City School District
Trumbull County
100 West Street
Niles, Ohio 44446

To the Board of Education:

We have audited the general-purpose financial statements of the Niles City School District, Trumbull County, (the District) as of and for the year ended June 30, 2000, as listed in the table of contents. These general-purpose financial statements are the responsibility of the District's management. Our responsibility is to express an opinion on these general-purpose financial statements based on our audit.

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Niles City School District, Trumbull County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund type and nonexpendable trust fund for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated November 30, 2000 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. 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.

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

Jim Petro
Auditor of State

November 30, 2000

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS
JUNE 30, 2000**

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>ASSETS AND OTHER DEBITS</u>				
ASSETS:				
Equity in pooled cash and cash equivalents	\$236,937	\$365,668	\$199,498	\$6,510,853
Equity in pooled cash and cash equivalents - nonexpendable trust fund				
Receivables (net of allowances of uncollectibles):				
Taxes - current & delinquent	7,403,098	131,105	413,527	
Accounts	2,369	668		
Due from other funds				
Due from other governments	4,150	7,410		
Prepayments	12,639			
Interfund loan receivable	13,218			
Materials and supplies inventory	15,965			
Restricted assets:				
Equity in pooled cash and cash equivalents	650,268			
Property, plant and equipment (net of accumulated depreciation where applicable).				
OTHER DEBITS:				
Amount to be provided for retirement of general long-term obligations				
Total assets and other debits	\$8,338,644	\$504,851	\$613,025	\$6,510,853

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
\$5,094	\$333,808			\$7,651,858
	12,778			12,778
				7,947,730
1,149				4,186
	287,169			287,169
56,121				67,681
				12,639
				13,218
22,142				38,107
				650,268
12,090		\$29,404,140		29,416,230
			\$1,183,653	1,183,653
<u>\$96,596</u>	<u>\$633,755</u>	<u>\$29,404,140</u>	<u>\$1,183,653</u>	<u>\$47,285,517</u>

--Continued

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**COMBINED BALANCE SHEET
ALL FUND TYPES AND ACCOUNT GROUPS (CONTINUED)
JUNE 30, 2000**

	<u>Governmental Fund Types</u>			
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
LIABILITIES, EQUITY AND OTHER CREDITS				
LIABILITIES:				
Accounts payable	\$58,316	\$32,116		\$4,159
Contracts payable				132,926
Accrued wages and benefits.	1,569,145	101,099		
Compensated absences payable.	55,901			
Pension obligation payable				
Due to other funds	250,945	13,893		
Due to other governments.	8,586	653		
Interfund loans payable		10,690		
Deferred revenue	7,379,204	130,682	\$412,192	
Due to students				
Bond anticipation note payable				5,887,000
Capital leases payable				
Total liabilities	<u>9,322,097</u>	<u>289,133</u>	<u>412,192</u>	<u>6,024,085</u>
EQUITY AND OTHER CREDITS:				
Investment in general fixed assets				
Contributed capital				
Retained earnings (accumulated deficit):				
Unreserved.				
Fund balances:				
Reserved for encumbrances	52,088	4,813		627,949
Reserved for materials and supplies inventory	15,965			
Reserved for prepayments	12,639			
Reserved for principal endowment				
Reserved for tax revenue unavailable for appropriation	23,894	423	1,335	
Reserved for budget stabilization	352,454			
Reserved for capital improvements	112,058			
Reserved for textbooks	185,756			
Unreserved-undesignated (deficit)	<u>(1,738,307)</u>	<u>210,482</u>	<u>199,498</u>	<u>(141,181)</u>
Total equity and other credits	<u>(983,453)</u>	<u>215,718</u>	<u>200,833</u>	<u>486,768</u>
Total liabilities, equity and other credits.	<u>\$8,338,644</u>	<u>\$504,851</u>	<u>\$613,025</u>	<u>\$6,510,853</u>

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

Proprietary Fund Type	Fiduciary Fund Types	Account Groups		Total (Memorandum Only)
		General Fixed Assets	General Long-Term Obligations	
Enterprise	Trust and Agency			
	\$2,362			\$96,953
				132,926
\$62,244				1,732,488
15,126			\$1,037,167	1,108,194
7,721	279,520		129,252	416,493
22,331				287,169
424	246,593			256,256
2,528				13,218
14,597				7,936,675
	28,705			28,705
				5,887,000
			17,234	17,234
<u>124,971</u>	<u>557,180</u>		<u>1,183,653</u>	<u>17,913,311</u>
		\$29,404,140		29,404,140
4,532				4,532
(32,907)				(32,907)
				684,850
				15,965
				12,639
	10,000			10,000
				25,652
				352,454
				112,058
				185,756
	66,575			(1,402,933)
<u>(28,375)</u>	<u>76,575</u>	<u>29,404,140</u>		<u>29,372,206</u>
<u>\$96,596</u>	<u>\$633,755</u>	<u>\$29,404,140</u>	<u>\$1,183,653</u>	<u>\$47,285,517</u>

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUND TYPES AND EXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>Governmental Fund Types</u>				<u>Fiduciary Fund Type</u>	<u>Total (Memorandum Only)</u>
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>	
Revenues:						
From local sources:						
Taxes	\$6,806,697	\$39,448	\$177,340			\$7,023,485
Tuition	23,392					23,392
Earnings on investments	136,853	24,484		\$51,844		213,181
Extracurricular		184,316				184,316
Other local revenues	103,451	23,920			\$1,000	128,371
Other revenue		13,312				13,312
Intergovernmental - State	9,909,306	724,395	21,489	536,924		11,192,114
Intergovernmental - Federal		624,437				624,437
Total revenues	<u>16,979,699</u>	<u>1,634,312</u>	<u>198,829</u>	<u>588,768</u>	<u>1,000</u>	<u>19,402,608</u>
Expenditures:						
Current:						
Instruction:						
Regular	8,401,385	356,983		55,918	1,000	8,815,286
Special	1,744,225	418,300				2,162,525
Vocational	968,695					968,695
Other	303,131					303,131
Support services:						
Pupil	743,182	124,331				867,513
Instructional staff	383,470	125,249		30		508,749
Board of Education	9,672			6,489		16,161
Administration	1,466,326	227,002		1,849	10,703	1,705,880
Fiscal	402,145	4,682	2,900	785		410,512
Business	163,128					163,128
Operations and maintenance	1,767,672	17,270				1,784,942
Pupil transportation	603,171					603,171
Central	46,612	36,072				82,684
Community services	52,332	33,702				86,034
Extracurricular activities	435,644	151,914				587,558
Facilities acquisition and construction				144,696		144,696
Intergovernmental pass through		226,760				226,760
Debt service:						
Principal retirement	8,831					8,831
Interest and fiscal charges	2,407					2,407
Total expenditures	<u>17,502,028</u>	<u>1,722,265</u>	<u>2,900</u>	<u>209,767</u>	<u>11,703</u>	<u>19,448,663</u>
Excess of revenues over (under) expenditures	<u>(522,329)</u>	<u>(87,953)</u>	<u>195,929</u>	<u>379,001</u>	<u>(10,703)</u>	<u>(46,055)</u>
Other financing sources (uses):						
Operating transfers in		27,818			75,000	102,818
Operating transfers out	<u>(161,785)</u>					<u>(161,785)</u>
Total other financing sources (uses)	<u>(161,785)</u>	<u>27,818</u>			<u>75,000</u>	<u>(58,967)</u>
Excess of revenues and other financing sources over (under) expenditures and other financing uses	<u>(684,114)</u>	<u>(60,135)</u>	<u>195,929</u>	<u>379,001</u>	<u>64,297</u>	<u>(105,022)</u>
Fund balances (deficit), July 1	(302,631)	275,853	4,904	107,767		85,893
Increase in reserve for inventory	3,292					3,292
Fund balances (deficit), June 30	<u>(\$983,453)</u>	<u>\$215,718</u>	<u>\$200,833</u>	<u>\$486,768</u>	<u>\$64,297</u>	<u>(\$15,837)</u>

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

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL COMPARISON (NON-GAAP BUDGETARY BASIS)
ALL GOVERNMENTAL FUND TYPES
FOR THE YEAR ENDED JUNE 30, 2000**

	<u>General</u>			<u>Special Revenue</u>		
	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>	<u>Revised Budget</u>	<u>Actual</u>	<u>Variance: Favorable (Unfavorable)</u>
Revenues:						
From local sources:						
Taxes.....	\$6,797,958	\$6,797,958		\$39,025	\$39,025	
Tuition.....	21,481	21,481				
Earnings on investments.....	137,937	137,937		24,484	24,484	
Extracurricular				182,941	183,041	100
Other local revenues.....	120,444	120,444		23,252	23,252	
Intergovernmental - State.....	9,776,372	9,776,372		737,707	737,707	
Intergovernmental - Federal.....				629,465	629,465	
Total revenues.....	<u>16,854,192</u>	<u>16,854,192</u>		<u>1,636,874</u>	<u>1,636,974</u>	
Expenditures:						
Current:						
Instruction:						
Regular.....	8,176,665	8,176,665		413,533	329,596	83,937
Special.....	1,709,078	1,709,078		626,060	421,971	204,089
Vocational.....	956,293	956,293				
Other.....	278,153	278,153				
Support services:						
Pupil.....	743,368	743,368		132,854	125,627	7,227
Instructional staff.....	371,554	371,554		156,231	115,557	40,674
Board of Education.....	16,396	16,396				
Administration.....	1,466,817	1,466,817		265,498	221,489	44,009
Fiscal.....	407,620	407,620		5,879	4,682	1,197
Business.....	159,593	159,593				
Operations and maintenance.....	1,807,033	1,807,033		17,270	17,270	
Pupil transportation.....	611,480	611,480				
Central.....	50,389	50,389		38,370	36,072	2,298
Community services.....	52,402	52,402		40,074	32,206	7,868
Extracurricular activities.....	436,153	436,153		183,256	154,954	28,302
Facilities acquisition and construction... Pass-through intergovernmental.....				290,469	227,243	63,226
Total expenditures.....	<u>17,242,994</u>	<u>17,242,994</u>		<u>2,169,494</u>	<u>1,686,667</u>	<u>482,827</u>
Excess (deficiency) of revenues over (under) expenditures.....	<u>(388,802)</u>	<u>(388,802)</u>		<u>(532,620)</u>	<u>(49,693)</u>	<u>482,927</u>
Other financing sources (uses):						
Refund of prior year's expenditures.....	134,246	134,246		1,067	1,067	
Refund of prior year's (receipts).....				(9,045)	(9,045)	
Operating transfers in.....	134,930	134,930		27,818	27,818	
Operating transfers (out).....	(296,715)	(296,715)				
Advances in.....	38,999	38,999		10,690	10,690	
Advances (out).....	(13,218)	(13,218)				
Proceeds from the sale of notes.....						
Total other financing sources (uses).....	<u>(1,758)</u>	<u>(1,758)</u>		<u>30,530</u>	<u>30,530</u>	
Excess (deficiency) of revenues and other financing sources over (under) expenditures and other financing (uses)...	<u>(390,560)</u>	<u>(390,560)</u>		<u>(502,090)</u>	<u>(19,163)</u>	<u>482,927</u>
Fund balances, July 1.....	744,573	744,573		299,942	299,942	
Prior year encumbrances appropriated...	<u>425,013</u>	<u>425,013</u>		<u>71,922</u>	<u>71,922</u>	
Fund balances, June 30.....	<u>\$779,026</u>	<u>\$779,026</u>		<u>(\$130,226)</u>	<u>\$352,701</u>	<u>\$482,927</u>

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

Debt Service			Capital Projects			Total (Memorandum only)		
Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)	Budget Revised	Actual	Variance: Favorable (Unfavorable)
\$176,005	\$176,005					\$7,012,988	\$7,012,988	
			\$51,844	\$51,844		21,481	21,481	
						214,265	214,265	
						182,941	183,041	100
						143,696	143,696	
21,489	21,489		536,924	536,924		11,072,492	11,072,492	
						629,465	629,465	
<u>197,494</u>	<u>197,494</u>		<u>588,768</u>	<u>588,768</u>		<u>19,277,328</u>	<u>19,277,428</u>	
			126,078	55,918	70,160	8,716,276	8,562,179	154,097
						2,335,138	2,131,049	204,089
						956,293	956,293	
						278,153	278,153	
						876,222	868,995	7,227
			47	30	17	527,832	487,141	40,691
			2,359	2,359		18,755	18,755	
			1,820	1,820		1,734,135	1,690,126	44,009
2,900	2,900		785	785		417,184	415,987	1,197
						159,593	159,593	
						1,824,303	1,824,303	
						611,480	611,480	
						88,759	86,461	2,298
						92,476	84,608	7,868
						619,409	591,107	28,302
			776,804	776,804		776,804	776,804	
						290,469	227,243	63,226
<u>2,900</u>	<u>2,900</u>		<u>907,893</u>	<u>837,716</u>	<u>70,177</u>	<u>20,323,281</u>	<u>19,770,277</u>	<u>553,004</u>
194,594	194,594		(319,125)	(248,948)	70,177	(1,045,953)	(492,849)	553,104
						135,313	135,313	
						(9,045)	(9,045)	
						162,748	162,748	
						(296,715)	(296,715)	
						49,689	49,689	
			(38,999)	(38,999)		(52,217)	(52,217)	
			5,887,000	5,887,000		5,887,000	5,887,000	
			5,848,001	5,848,001		5,876,773	5,876,773	
194,594	194,594		5,528,876	5,599,053	70,177	4,830,820	5,383,924	553,104
4,904	4,904		146,766	146,766		1,196,185	1,196,185	
						496,935	496,935	
<u>\$199,498</u>	<u>\$199,498</u>		<u>\$5,675,642</u>	<u>\$5,745,819</u>	<u>\$70,177</u>	<u>\$6,523,940</u>	<u>\$7,077,044</u>	<u>\$553,104</u>

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**COMBINED STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN RETAINED EARNINGS (ACCUMULATED DEFICIT) / FUND BALANCE
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Total
	Enterprise	Nonexpendable Trust	(Memorandum Only)
Operating revenues:			
Tuition and fees	\$51,650		\$51,650
Sales/charges for services	398,848		398,848
Interest earnings		\$747	747
Other	136		136
Total operating revenues	450,634	747	451,381
Operating expenses:			
Personal services.	522,687		522,687
Contract services.	12,174		12,174
Materials and supplies	359,633		359,633
Other operating expenses		1,000	1,000
Depreciation	2,592		2,592
Total operating expenses.	897,086	1,000	898,086
Operating loss	(446,452)	(253)	(446,705)
Nonoperating revenues:			
Operating grants	362,835		362,835
Federal commodities	67,246		67,246
Interest revenue.	38		38
Total nonoperating revenues	430,119		430,119
Net loss before operating transfers	(16,333)	(253)	(16,586)
Operating transfers in	58,967		58,967
Net income (loss)	42,634	(253)	42,381
Retained earnings (accumulated deficit) / fund balance at July 1 (as restated).	(75,541)	12,531	(63,010)
Retained earnings (accumulated deficit) / fund balance at June 30.	(32,907)	12,278	(20,629)
Contributed capital at June 30	4,532		4,532
Total fund equity at June 30	(\$28,375)	\$12,278	(\$16,097)

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

NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO

**COMBINED STATEMENT OF CASH FLOWS
PROPRIETARY FUND TYPE AND NONEXPENDABLE TRUST FUND
FOR THE YEAR ENDED JUNE 30, 2000**

	Proprietary Fund Type	Fiduciary Fund Type	Total (Memorandum Only)
	Enterprise	Nonexpendable Trust	
Cash flows from operating activities:			
Cash received from tuition and fees	\$55,442		\$55,442
Cash received from sales/service charges	398,848		398,848
Cash received from other operations	105		105
Cash payments for personal services	(584,898)		(584,898)
Cash payments for contract services	(12,174)		(12,174)
Cash payments for materials and supplies	(295,564)		(295,564)
Cash payments for other expenses		(\$500)	(500)
Net cash used in operating activities	<u>(438,241)</u>	<u>(500)</u>	<u>(438,741)</u>
Cash flows from noncapital financing activities:			
Cash received from operating grants	306,714		306,714
Cash received from interfund loans	2,528		2,528
Cash received from operating transfers in	58,967		58,967
Cash used in other noncapital financing activities	<u>(3,004)</u>		<u>(3,004)</u>
Net cash provided by noncapital financing activities	<u>365,205</u>		<u>365,205</u>
Cash flows from investing activities:			
Interest received	<u>38</u>	<u>747</u>	<u>785</u>
Net cash provided by investing activities	<u>38</u>	<u>747</u>	<u>785</u>
Net decrease in cash and cash equivalents	(72,998)	247	(72,751)
Cash and cash equivalents at beginning of year	<u>78,092</u>	<u>12,531</u>	<u>90,623</u>
Cash and cash equivalents at end of year	<u><u>\$5,094</u></u>	<u><u>\$12,778</u></u>	<u><u>\$17,872</u></u>
Reconciliation of operating loss to net cash used in operating activities:			
Operating loss	(\$446,452)	(\$253)	(\$446,705)
Adjustments to reconcile operating loss to net cash used in operating activities:			
Depreciation	2,592		2,592
Federal donated commodities	67,246		67,246
Interest reported as operating income		(747)	(747)
Changes in assets and liabilities:			
Decrease in materials and supplies inventory	9,815		9,815
Decrease in accounts receivable	3,761		3,761
Increase in accounts payable		500	500
Increase in accrued wages and benefits	26,841		26,841
Decrease in compensated absences payable	(89,302)		(89,302)
Increase in pension obligation payable	7,721		7,721
Increase in due to other funds	22,331		22,331
Decrease in due to other governments	(29,802)		(29,802)
Decrease in deferred revenue	<u>(12,992)</u>		<u>(12,992)</u>
Net cash used in operating activities	<u><u>(\$438,241)</u></u>	<u><u>(\$500)</u></u>	<u><u>(\$438,741)</u></u>

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

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**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000**

1. DESCRIPTION OF THE SCHOOL DISTRICT

The Niles City School District (the "District") operates under a locally- elected five-member Board and provides education services as mandated by State and/or federal agencies. The Board controls the District's nine instructional/support facilities staffed by 121 non-certificated and 221 certified full-time teaching personnel who provide services to students and other community members.

The District is located in Niles, Ohio, Trumbull County, and includes an area extending eight square miles around the City. The District is the 161st largest among the 660 public and community school districts in the State of Ohio in terms of enrollment. The enrollment for the District during fiscal year 2000 was 2,926.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The general purpose financial statements (GPFS) of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The District also applies Financial Accounting Standards Board (FASB) Statements and Interpretations issued prior to November 30, 1989 to its proprietary activities unless those pronouncements conflict with or contradict GASB pronouncements. The District's significant accounting policies are described below.

A. Reporting Entity

The District's reporting entity has been defined in accordance with GASB Statement No. 14, "The Financial Reporting Entity". When applying GASB Statement No. 14, management has considered all potential component units. The basic, but not the only, criterion for including a potential component unit within the reporting entity is the Board's ability to exercise significant oversight responsibility. The most significant manifestation of this ability is financial interdependence. Other manifestations of the ability to exercise oversight responsibility include, but are not limited to, the selection of the governing authority, the designation of management, the ability to significantly influence operations, and the accountability for fiscal matters.

A second criterion used in evaluating potential component units is the scope of public service. Application of this criterion involves considering whether the activity benefits the District and/or its citizens. A third criterion used to evaluate potential component units for inclusion or exclusion from the reporting entity is the existence of special financing relationships, regardless of whether the District is able to exercise oversight responsibilities. Based upon the application of these criteria, there are no potential component units that should be blended or discretely presented in the financial statements of the District. The following organizations are described due to its relationship with the District:

JOINTLY GOVERNED ORGANIZATIONS

Northeast Ohio Management Information Network (NEOMIN)

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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 school districts, and a treasurer from each county who must be employed by a participating school district, the fiscal agent or NEOMIN. The Niles City School District was not represented on the Governing Board during fiscal year 2000. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. To obtain a copy of NEOMIN's financial statements, write to the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

North East Ohio Instructional Media Center (NEOIMC)

NEOIMC is a jointly governed organization among 45 school districts. The organization was formed for the purpose of providing quality films and/or other media to support the curricula of the District. Each member pays a monthly premium based on use of the media materials. NEOIMC is governed by an advisory committee made up of a member from a parochial school, a JVS, one county superintendent from each participating county, one city superintendent, and two local superintendents rotating every two years. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

North East Ohio Special Education Regional Resource Center (NEO/SERRC)

NEO/SERRC 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. NEO/SERRC 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 terms rotate every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Information can be obtained by contacting the treasurer at the Mahoning County Educational Service Center, 2801 Market Street, Youngstown, Ohio 44507.

Region 12 Professional Development Center (Center)

The Center is a jointly governed organization among the school districts located in Trumbull, Mahoning and Columbiana counties. The jointly governed organization was formed for the purpose of establishing an articulated, regional structure for professional development, in which school districts, the business community, higher education and other groups cooperatively plan and implement effective professional development activities that are tied directly to school improvement, and in particular, to improving instructional programs.

The Center is governed by a governing board made up of nineteen representatives of the participating school districts, the business community, and Youngstown State University whose term rotates every year. The degree of control exercised by any participating school district is limited to its representation on the Governing Board. Financial information can be obtained by contacting the Treasurer at the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio, 44481.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

RELATED ORGANIZATION

McKinley Memorial Library (Library)

The Library is a distinct political subdivision of the State of Ohio created under Chapter 3375 of the Ohio Revised Code. The Library is governed by a Board of Trustees appointed by the Niles City School District Board of Education. The Board of Trustees possesses its own contracting and budgeting authority, hires and fires personnel and does not depend on the District for operational subsidies. Although the District does serve as the taxing authority and may issue tax related debt on behalf of the Library, its role is limited to a ministerial function. The determination to request approval of a tax, the rate and the purpose are discretionary decisions made solely by the Board of Trustees. Financial information can be obtained from the McKinley Memorial Library, Linda McGinnis, Clerk/Treasurer, at 40 North Main Street, Niles, Ohio 44446.

PUBLIC ENTITY RISK POOLS

Ohio School Boards Association Workers' Compensation Group Rating Plan (Plan)

The District participates in a group rating plan for workers' compensation as established under Section 4123.29 of the Ohio Revised Code. The Plan was established through the Ohio School Boards Association (OSBA) as a group purchasing pool.

The Plan's business and affairs are conducted by a three member Board of Directors consisting of the President, the President-Elect, and the Immediate Past President of the OSBA. The Executive Director of the OSBA, or his designee, serves as coordinator of the Plan. Each year, the participating school districts pay an enrollment fee to the Plan to cover the costs of administering the program.

Trumbull County Insurance Consortium (Consortium)

The District participates in the Consortium. The Consortium is a shared risk pool comprised of sixteen Trumbull County School Districts. The Consortium is governed by an assembly which consists of one representative from each participating school district (usually the superintendent or designee). The assembly exercises control over the operation of the Consortium. Consortium revenues are generated from charges for services.

B. Fund Accounting

The District uses funds and account groups to report its financial position and the results of its operations. 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. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain school district activities or functions. Funds are classified into three categories: governmental, proprietary and fiduciary. Each category is divided into separate fund types.

GOVERNMENTAL FUNDS

Governmental funds are those through which most governmental functions of the District are financed. The acquisition, use and balances of the District's expendable financial resources and the related liabilities (except those accounted for in proprietary funds) are accounted for through governmental funds. The following are the District's governmental fund types:

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

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

Special Revenue Funds - The special revenue funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

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

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

PROPRIETARY FUNDS

Proprietary funds are used to account for the District's ongoing activities which are similar to those often found in the private sector where the determination of net income is necessary or useful to sound financial administration. The following is the District's proprietary fund type:

Enterprise Funds - The enterprise funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises--where the intent of the governing body is that 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 (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

FIDUCIARY FUNDS

Fiduciary funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governmental units and/or other funds. These include a nonexpendable trust fund and an agency fund. The nonexpendable trust fund is accounted for in the same manner as proprietary funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations.

ACCOUNT GROUPS

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

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

General Long-Term Obligations Account Group - This group of accounts is established to account for all long-term obligations of the District, other than those accounted for in the proprietary funds.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus/Basis of Accounting

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

All proprietary funds and the nonexpendable trust fund are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operations of these funds are included on the balance sheet. Proprietary fund type operating statements present increases (revenues) and decreases (expenses) in net total assets.

The modified accrual basis of accounting is followed for governmental and expendable trust funds. Under the modified accrual basis of accounting, revenues are recognized when they become both measurable and available to finance expenditures of the current period, which for the District is sixty days after the June 30 year end. Revenues accrued at the end of the year include taxes, (to the extent they are intended to finance the current fiscal year), interest, and accounts (student fees and tuition). Current property taxes measurable as of June 30, 2000, and which are intended to finance fiscal 2000 operations, have been recorded as deferred revenues. Delinquent property taxes measurable and available (received within 60 days) are recognized as revenue. In proprietary funds, unused donated commodities are reported as deferred revenue.

The District reports deferred revenue on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Deferred revenues also arise when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the recognition of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the government has a legal claim to the resources, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized.

Expenditures (decreases in net financial resources) are recognized in the period in which the fund liability is incurred with the following exception: general long-term obligation principal and interest are reported only when due; and costs of accumulated unpaid vacation and sick leave are reported as expenditures in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

The proprietary funds and the nonexpendable trust fund are accounted for on the accrual basis of accounting. Under the accrual basis of accounting, revenues are recorded when earned and expenses are recorded at the time liabilities are incurred. The fair value of donated commodities used during the year is reported in the operating statement as an expense and a like amount is reported as deferred commodities revenue.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

D. Budgets

The budgetary process is prescribed by provisions of the Ohio Revised Code and entails the preparation of budgetary documents within an established timetable. The major documents prepared are the tax budget, the certificate of estimated resources, and the appropriation resolution, all of which are prepared on the budgetary basis of accounting. The certificate of estimated resources and the appropriations resolution are subject to amendment throughout the year with the legal restriction that appropriations cannot exceed estimated resources, as certified. All funds, other than agency funds, are legally required to be budgeted and appropriated. The primary level of budgetary control is at the object level within each fund and function. Any budgetary modifications at this level may only be made by resolution of the Board of Education.

Advances in and advances out are not required to be budgeted since they represent a temporary cash flow resource and are intended to be repaid.

Tax Budget

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

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

Estimated Resources

Prior to April 1, the Board of Education accepts, by formal resolution, the tax rates as determined by the Budget Commission and receives the Commission's certificate of estimated resources which states the projected revenue of each fund. Prior to June 30, the District must revise its budget so that total contemplated expenditures from any fund during the ensuing year will not exceed the amount stated in the certificate of estimated resources. The revised budget then serves as the basis for the appropriation measure. On or about July 1, the certificate is amended to include any unencumbered cash balances from the preceding year. The certificate may be further amended during the year if projected increases or decreases in revenue are identified by the District Treasurer. The amounts reported in the budgetary statements reflect the amounts in the final amended certificate issued during fiscal year 2000.

Appropriations

Upon receipt from the County Auditor of an amended certificate of estimated resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution is enacted by the Board of Education at the fund, function, and object level of expenditures, which are the legal levels of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the District. The appropriation resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation total at any level of control.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Any revision that alter the total of any fund appropriation, or alter total function appropriations within a fund, or alter object appropriations within functions, must be approved by the Board of Education. The Board may pass supplemental fund appropriations so long as the total appropriations by fund do not exceed the amounts set forth in the most recent certificate of estimated resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant. The budget figures which appear in the statements of budgetary comparisons represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions.

Encumbrances

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

Lapsing of Appropriations

At the close of each fiscal year, the unencumbered balance of each appropriation reverts to the respective fund from which it was appropriated and becomes subject to future appropriation. Encumbered appropriations are carried forward to the succeeding fiscal year and are not reappropriated.

E. Cash and Investments

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

During the fiscal year, the District's investments were limited to investments in the State Treasury Asset Reserve of Ohio (STAR Ohio) and a repurchase agreement. Except for nonparticipating investment contracts, investments are reported at fair value which is based on quoted market prices. Nonparticipating investment contracts such as repurchase agreements are reported at cost.

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, 2000.

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Under existing Ohio statutes all investment earnings are assigned to the general fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the general fund during fiscal 2000 amounted to \$136,853, which includes \$58,468 assigned from other District funds.

An analysis of the Treasurer's investment account at year end is provided in Note 4.

F. Inventory

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

G. Fixed Assets and Depreciation

1. *General Fixed Assets Account Group*

General fixed assets are capitalized at cost or estimated historical cost. Donated fixed assets are recorded at their fair market values as of the date donated. The District follows the policy of not capitalizing assets with a cost of less than \$500 and a useful life of less than five years. No depreciation is recognized for assets in the general fixed assets account group. The District has not included infrastructure in the general fixed assets account group.

2. *Proprietary Funds*

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

<u>Asset</u>	<u>Life (years)</u>
Furniture, fixtures and equipment	5-20

H. Intergovernmental Revenues

In governmental funds, entitlements and non-reimbursable grants (to the extent such grants and entitlements relate to the current fiscal year) are recorded as receivables and revenue when measurable and available. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred. Other than commodities, grants for proprietary fund operations are recognized as non-operating when measurable and earned. The District currently participates in various state and federal programs categorized as follows:

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Entitlements

General Fund

State Foundation Program
School Bus Purchase Program
State Property Tax Relief

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Title VI-B
Auxiliary Services
Disadvantaged Pupil Impact Aid
Title I
Title VI
Educational Management Information System
SchoolNet Professional Development
Ohio Reads
Eisenhower
Drug Free Schools
B.A.S.E. Program
Title VI-R
Capital Projects Funds
Emergency School Repair
Classroom Facilities

Reimbursable Grants

General Fund

Driver Education Reimbursement

Special Revenue Funds

Ohio Wellness Block Grant

Enterprise Funds

National School Lunch Program
National School Breakfast Program
Government Donated Commodities

Grants and entitlements amounted to approximately 60% of the District's operating revenue during the 2000 fiscal year.

I. Compensated Absences

The liability for compensated absences is based on the provisions of GASB Statement No. 16, "Accounting for Compensated Absences". Vacation benefits are accrued as a liability if the employees' right to receive compensation are attributable to services already rendered and it is probable that the District will compensate the employees for the benefits through paid time off or some other means. The District records a liability for accumulated unused vacation time when earned for all employees with more than one year of service.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Sick leave benefits are accrued as a liability using the "vesting method". The liability is based on the sick leave accumulated at June 30, by those employees who are eligible to receive termination benefits and by those employees who are expected to become eligible in the future. The District records a liability for accumulated unused sick leave for classified employees, certified employees and administrators after fifteen years of service.

For governmental funds, the current portion of unpaid compensated absences is the amount expected to be paid using expendable available resources. These amounts are recorded in the account "Compensated Absences Payable" in the fund from which the employees who have accumulated unpaid leave are paid. The remainder is reported in the general long-term obligations account group. In proprietary funds, the entire amount of compensated absences is reported as a fund liability.

J. Long-Term Obligations

In general, governmental fund payables and accrued liabilities are reported as obligations of the funds regardless of whether they will be liquidated with current resources. However, claims and judgements, compensated absences, contractually required pension contributions, and special termination benefits that will be paid from governmental funds are reported as liabilities in the general long-term obligation account group to the extent that they will not be paid with current available expendable financial resources. Payments made more than sixty days after year end are generally considered not to have been paid with current available resources. Capital leases are reported as a liability of the general long-term obligations account group until due.

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

K. Fund Equity

Reserved fund balances indicate that portion of fund equity which is not available for current appropriation or is legally segregated for a specific use. Fund balances are reserved for encumbrances, tax advance unavailable for appropriation, materials and supplies inventory, prepayments, principal endowment, capital improvements, textbooks, and budget stabilization. Although the nonexpendable trust fund uses the total economic resources measurement focus, the fund equity is reserved for the amount of principal endowment. The unreserved portions of fund equity reflected for the governmental funds are available for use within the specific purposes of those funds. The reserve for property tax revenue unavailable for appropriation represents taxes recognized as revenue under GAAP but not available for appropriations under State statute.

L. Interfund Transactions

During the course of normal operations, the District has numerous transactions between funds. The most significant include:

1. Transfers of resources from one fund to another fund. The resources transferred are to be expended for operations by the receiving fund and are recorded as operating transfers, with the exception of agency funds, which do not show transfers of resources as operating transfers.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

2. Reimbursements from one fund to another are treated as expenditures/expenses in the reimbursing fund and a reduction in expenditures/expenses in the reimbursed fund. Quasi-external transactions are accounted for as revenues, expenditures or expenses.
3. Short-term interfund loans and accrued interfund reimbursements and accrued operating transfers are reflected as "interfund loans receivable or payable". The District had short-term interfund loans receivable and payable at June 30, 2000.
4. Long-term interfund loans that will not be repaid within the next year are termed "advances" and are shown as reservations of fund balances on the combined balance sheet for those funds that report advances to other funds as assets because they are not spendable, available resources. The District had no long-term advances receivable and payable at June 30, 2000.

An analysis of interfund transactions is presented in Note 5.

M. Contributed Capital

Contributed capital represents resources received from other funds, other governments, and private sources provided to proprietary funds that is not subject to repayment. These assets are recorded at their fair market value on the date donated. Depreciation on these assets acquired or constructed with contributed resources is expensed and closed to unreserved retained earnings at year end.

N. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a textbook, capital improvement, and budget stabilization reserve. These reserves are required by State statute. The budget stabilization reserve can be used only after receiving approval from the State Superintendent of Public Instruction. Fund balance reserves have also been established. See Note 19 for detail of statutory reserves.

O. Parochial Schools

Within the District boundaries, our Lady of Mount Carmel and St. Stephens are operated through the Youngstown Catholic Diocese. Current state legislation provides funding to these parochial schools. These monies are received and disbursed on behalf of the parochial schools by the Treasurer of the District, as directed by the parochial school. The fiduciary responsibility of the District for these monies is reflected in a special revenue fund for financial reporting purposes.

P. Estimates

The preparation of the GPFS in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the GPFS and accompanying notes. Actual results may differ from those estimates.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

Q. Memorandum Only - Total Columns

Total columns on the GPFS are captioned (Memorandum Only) to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with GAAP. Neither is such data comparable to a consolidation. Interfund eliminations have not been made in the aggregation of this data.

3. ACCOUNTABILITY AND COMPLIANCE

A. Prior Period Adjustment

The District overstated the liability for compensated absences at June 30, 1999. A prior period adjustment is required to properly report the estimated severance component of the liability. The effect of this adjustment on the balance of the general long-term obligations account group and on retained earnings as previously reported as of June 30, 1999 is as follows:

	General Long-Term Obligations Account Group	Enterprise
Account balance/retained earnings as previously reported	\$2,524,955	\$(87,282)
Restatement for overstated compensated absences liability	(993,608)	11,741
Restated account balance/retained earnings as of July 1, 1999	\$1,531,347	\$(75,541)

B. Deficit Fund Balances/Retained Earnings

Fund balance/retained earnings at June 30, 2000 included the following individual fund deficits:

	Deficit Balance
General Fund	\$983,453
<u>Special Revenue Funds</u>	
Disadvantaged Pupil Impact Aid	3,865
Eisenhower	375
Title VI-B	22,161
Miscellaneous Federal Grants	21,341
<u>Enterprise Funds</u>	
Food Service	25,058
B.A.S.E. Program	13,502

These funds complied with Ohio state law, which does not permit a cash basis deficit at year end.

The deficit fund balance in the general fund, Disadvantaged Pupil Impact Aid, Eisenhower, Title VI-B, and Miscellaneous Federal Grants special revenue funds are caused by the application of GAAP namely in the reporting of a liability for accrued wages, benefits, and pension obligations attributable to the fiscal year. These deficit balances will be eliminated by anticipated future intergovernmental revenues or other subsidies not recognized and recorded at June 30.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

3. ACCOUNTABILITY AND COMPLIANCE (Continued)

The deficit retained earnings in the Food Service and B.A.S.E. Program enterprise funds are caused by the application of GAAP namely in the reporting of a liability for accrued wages, benefits, and pension obligations attributable to the fiscal year. These deficit retained earnings will be eliminated by user charges and other subsidies not recognized and recorded at June 30.

4. EQUITY IN POOLED CASH AND INVESTMENTS

The District maintains a cash and investment pool used by all funds. Each fund type's portion of this pool is displayed on the combined balance sheet as "Equity in Pooled Cash and Cash Equivalents". Statutes require the classification of monies held by the District into three categories:

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

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

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

Interim monies may be invested or deposited 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 or 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;

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS (Continued)

5. No-load money market mutual funds consisting exclusively of obligations described in division (1) or (2) of this section and repurchase agreements secured by such obligations, provided that investments in securities described in this division are made only through eligible institutions;
6. The State Treasury Asset Reserve of Ohio (STAR Ohio);
7. Certain bankers' acceptances and commercial paper notes for a period not to exceed one hundred and eighty days in an amount not to exceed twenty-five percent of the interim monies available for investment at any one time; and
8. Under limited circumstances, corporate debt instruments rated in either of the two highest rating classifications by at least two nationally recognized rating agencies.

Investments in stripped principal or interest obligations, reverse repurchase agreements and derivatives are prohibited. The issuance of taxable notes for the purpose of arbitrage, the use of leverage and short selling are also prohibited.

An investment must mature within five years from the date of purchase unless matched to a specific obligation or debt of the District, and must be purchased with the expectation that it will be held to maturity. Investments may only be made through specified dealers and institutions. Payment for investments may be made only upon delivery of the securities representing the investments to the Treasurer or qualified trustee or, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

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

Deposits: At year end, the carrying amount of the District's deposits was \$(12,670) and the bank balance was \$321,535. A liability was not recorded for the negative carrying amount of deposits because there was no actual overdraft, due to the "zero-balance" nature of the District's bank accounts. The negative carrying amount of deposits is due to the sweeping of monies into overnight repurchase agreements which are reported as "investments". Of the bank balance:

1. \$100,000 was covered by federal depository insurance; and
2. \$221,535 was uninsured and unregistered because it was secured by collateral held by third party trustees, pursuant to section 135.181 Ohio Revised Code, in collateralized pools securing all public funds on deposit with specific depository institutions; these securities not being in the name of the District. Although all State statutory requirements for the deposit of money had been followed, non-compliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: Investments are categorized to give an indication of the level of risk assumed by the entity at year-end. Category 1 includes investments that are insured or registered or securities held by the District. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty or by its trust department, but not in the District's name. Investments in STAR Ohio are not categorized as they are not evidenced by securities that exist in physical or book entry form.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

4. EQUITY IN POOLED CASH AND INVESTMENTS - (Continued)

	<u>Category 3</u>	<u>Reported Amount</u>	<u>Fair Value</u>
Repurchase agreement	<u>\$146,669</u>	\$ 146,669	\$ 146,669
Total	<u>\$146,669</u>		
Investment in STAR Ohio		<u>8,180,905</u>	<u>8,180,905</u>
Total investments		<u>\$8,327,574</u>	<u>\$8,327,574</u>

The classification of cash and cash equivalents on the combined balance sheet is based on criteria set forth in GASB Statement No. 9, "Reporting Cash Flows of Proprietary and Nonexpendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting".

A reconciliation between the classifications of cash and cash equivalents on the combined balance sheet (per GASB Statement No. 9) and the classifications of deposits and investments presented above per GASB Statement No. 3 is as follows:

	<u>Cash and Cash Equivalents/Deposits</u>	<u>Investments</u>
GASB Statement No. 9	\$ 8,314,904	\$ 0
Investments of the Cash Management pool:		
Repurchase agreement	(146,669)	146,669
Investment in STAR Ohio	<u>(8,180,905)</u>	<u>8,180,905</u>
GASB Statement No. 3	<u>\$ (12,670)</u>	<u>\$8,327,574</u>

5. INTERFUND TRANSACTIONS

A. Interfund balances at June 30, 2000, consist of the following individual interfund loans receivable and payable:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$13,218	\$
<u>Special Revenue Funds</u>		
Title VI-B		10,690
<u>Enterprise Funds</u>		
Before and After School Program	_____	<u>2,528</u>
Total	<u>\$13,218</u>	<u>\$13,218</u>

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

5. INTERFUND TRANSACTIONS (Continued)

B. The following is a summarized breakdown of the District's operating transfers during fiscal year 2000:

	<u>Transfers In</u>	<u>Transfers Out</u>
General Fund	\$	\$161,785
<u>Special Revenue Funds</u>		
Management Information Systems	27,818	
Expendable Trust Fund	75,000	
<u>Enterprise Funds</u>		
Food Service	<u>58,967</u>	<u> </u>
Total	<u>\$161,785</u>	<u>\$161,785</u>

C. The following is a summarized breakdown of amounts "due to" and "due from" other funds for pension obligations and worker's compensation payments:

	<u>Due to Other Funds</u>	<u>Due from Other Funds</u>
General Fund	\$250,945	\$
<u>Special Revenue Funds</u>		
Auxiliary Services	2,365	
Disadvantaged Pupil Impact Aid	1,709	
Ohio Reads	43	
Eisenhower	333	
Title VI-B	1,534	
Title I	6,340	
Drug Free Schools	356	
Miscellaneous Federal Grants	1,213	
<u>Enterprise Funds</u>		
Food Service	20,593	
B.A.S.E. Program	1,738	
<u>Agency Funds</u>		
District Agency	<u> </u>	<u>287,169</u>
Totals	<u>\$287,169</u>	<u>\$287,169</u>

6. PROPERTY TAXES

Property taxes are levied and assessed on a calendar year basis. Distributions from the second half of the calendar year occur in a new fiscal year and are intended to finance the operations of that year. Property taxes include amounts levied against all real, public utility and tangible (used in business) property located in the District. Real property taxes and public utility taxes are levied after April 1 on the assessed value listed as of the prior January 1, the lien date. Assessed values are established by State law at 35% of appraised market value.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

6. PROPERTY TAXES - (Continued)

Public utility property taxes are assessed on tangible personal property, as well as land and improvements. Real property is assessed at 35% of market value and personal property is assessed at 100% of market value except for the personal property of rural electric companies which is assessed at 50% of market and railroads which are assessed at 29%.

Tangible personal property taxes attach as a lien and are levied on January 1 of the current year. Tangible personal property assessments are 25% of true value. The assessed value upon which the 1999 taxes were collected was \$257,301,418. Agricultural/Residential and public utility/minerals real estate represented 61.2% or \$157,418,300 of this total, Commercial & Industrial real estate represented 18.2% or \$46,833,550 of this total, public utility tangible represented 9.2% or \$23,769,060 of this total and general tangible property represented 11.4% or \$29,280,508 of this total. The voted general tax rate at the fiscal year ended June 30, 2000 was \$47.50 per \$1,000.00 of assessed valuation for operations and \$1.65 per \$1,000.00 of assessed valuation for debt service.

Real property taxes are payable annually or semi-annually. If paid annually, payment is due December 31; if paid semi-annually, the first payment is due December 31 with the remainder payable by June 20.

The Trumbull County Treasurer collects property taxes on behalf of the District. The County Auditor periodically remits to the District its portion of the taxes collected. These tax "advances" are based on statutory cash flow collection rates. Final "settlements" are made each February and August. The amount available to be advanced can vary based on the date the tax bills are sent.

Accrued property taxes receivable represent delinquent taxes outstanding and real property, personal property and public utility taxes which became measurable as of June 30, 2000. Although total property tax collections for the next fiscal year are measurable, they are not (exclusive of advances) intended to finance current year operations. The net receivable (total receivable less amount available intended to finance the current year) is therefore offset by a credit to deferred revenue. A total of \$25,652 was available to the District as an advance and is recorded as revenue.

Taxes available for advance and recognized as revenue but not received by the district prior to June 30, 2000, are reflected as a reservation of fund balance for future appropriations. The District is prohibited, by law, from appropriating this revenue in accordance with ORC Section 5705.35, since an advance of revenue was not requested or received prior to the fiscal year end.

7. RECEIVABLES

Receivables at June 30, 2000 consisted of taxes, accounts (billings for user charged services and student fees), accrued interest, interfund loans and intergovernmental grants and entitlements (to the extent such grants and entitlements relate to the current fiscal year). Intergovernmental receivables have been recorded as "due from other governments" on the combined balance sheet. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs and the current year guarantee of Federal funds. A summary of the principal items of receivables follows:

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

7. RECEIVABLES (Continued)

	<u>Amounts</u>
<u>General Fund</u>	
Taxes - current and delinquent	\$7,403,098
Accounts	2,369
Due from other governments	4,150
<u>Special Revenue Funds</u>	
Taxes - current and delinquent	131,105
Due from other governments	7,410
<u>Debt Service Fund</u>	
Taxes - current and delinquent	413,527
<u>Enterprise Funds</u>	
Accounts	1,149
Due from other governments	56,121

8. FIXED ASSETS

A summary of the changes in the general fixed assets account group during the fiscal year follows:

	<u>Balance July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	<u>Balance June 30, 2000</u>
Land and improvements	\$ 206,155	\$	\$	\$ 206,155
Buildings and improvements	25,535,551			25,535,551
Furniture, fixtures and equipment	2,810,477	399,117	(68,487)	3,141,107
Vehicles	438,201	83,126		521,327
Total	<u>\$28,990,384</u>	<u>\$482,243</u>	<u>\$(68,487)</u>	<u>\$29,404,140</u>

A summary of the proprietary fixed assets at June 30, 2000 follows:

Furniture and equipment	\$ 329,955
Less: accumulated depreciation	(317,865)
Net fixed assets	<u>\$ 12,090</u>

9. CAPITAL LEASES

In prior years, the District has entered into capitalized leases for equipment and furniture and fixtures. These leases meet the criteria of a capital lease as defined by FASB Statement No. 13, "Accounting for Leases", which defines a capital lease generally as one which transfers benefits and risks of ownership to the lessee. Capital lease payments have been reclassified and are reflected as debt service expenditures in the combined general purpose financial statements for the governmental funds. These expenditures are reported as function expenditures on the budgetary statements.

General fixed assets consisting of equipment has been capitalized in the general fixed assets account group in the amount of \$37,383. This amount represents the present value of the minimum lease payments at the time of acquisition. A corresponding liability was recorded in the general long-term obligations account group. Principal payments in fiscal year 2000 totaled \$8,831 in the general fund.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

9. CAPITAL LEASES - (Continued)

The following is a schedule of the future long-term minimum lease payments required under the capital leases and the present value of the minimum lease payments as of June 30, 2000.

Fiscal Year Ending <u>June 30,</u>	<u>Amount</u>
2001	\$11,209
2002	6,257
2003	<u>1,580</u>
Total	19,046
Less: amount representing interest	<u>(1,812)</u>
Present value of minimum lease payments	<u>\$17,234</u>

10. COMPENSATED ABSENCES

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

Teachers, administrators, and classified employees earn sick leave at the rate of one and one-fourth days per month.

Sick leave may be accumulated up to a maximum of 380 days for certified personnel. Upon retirement, payment is made for twenty-five percent of the unused accumulated sick leave days, not to exceed fifty days. Sick leave may be accumulated up to a maximum of 350 days for classified personnel. Upon retirement, payment is made for thirty percent of the unused accumulated sick leave days, not to exceed fifty days.

11. LONG-TERM OBLIGATIONS

A. General Long-Term Obligations

During the year ended June 30, 2000, the following changes occurred in the liabilities reported in the general long-term obligations account group. Compensated absences and pension obligations will be paid from the fund in which the employee was paid. Capital lease payments are made from the general fund. The beginning balance of the general long-term obligations account group has been restated (See Note 3.A).

	Restated Balance <u>July 1, 1999</u>	<u>Increase</u>	<u>Decrease</u>	Balance <u>June 30, 2000</u>
Compensated absences	\$1,384,215	\$ ---	\$(347,048)	\$1,037,167
Pension obligation payable	121,067	129,252	(121,067)	129,252
Capital lease payable	<u>26,065</u>	<u>---</u>	<u>(8,831)</u>	<u>17,234</u>
Total	<u>\$1,531,347</u>	<u>\$129,252</u>	<u>\$(476,946)</u>	<u>\$1,183,653</u>

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

11. LONG-TERM OBLIGATIONS (Continued)

B. Legal Debt Margin

The Ohio Revised Code provides that voted net general obligation debt of the District shall never exceed 9% of the total assessed valuation of the District. The code further provides that unvoted indebtedness shall not exceed 1/10 of 1% of the property valuation of the District. The effects of these debt limitations at June 30, 2000 are a voted debt margin of \$14,167,647 and an unvoted debt margin of \$157,418.

12. BOND ANTICIPATION NOTE

On May 11, 2000, the District issued a \$5,877,000 bond anticipation note to finance the construction of a new middle school. This note bears an annual interest rate of 5.08% and matures on January 16, 2001. A summary of the bond anticipation note transactions for the year ended June 30, 2000 follows:

	Principal Outstanding <u>June 30, 1999</u>	<u>Additions</u>	<u>Deletions</u>	Principal Outstanding <u>June 30, 2000</u>
<u>Capital Projects Funds</u>				
Bond Anticipation Note - 5.08%	\$ _____	<u>\$5,877,000</u>	\$ _____	<u>\$5,877,000</u>

The unmatured obligation at year end is accounted for in the Classroom Facilities capital projects fund, the fund which received the proceeds.

13. RISK MANAGEMENT

A. Property and Liability

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. During fiscal year 2000, the District contracted with Gibson-Degood Insurance Company for property insurance and Nationwide Insurance for inland marine, fleet, and liability coverage. Coverages provided by the insurance companies are as follows:

Building and Contents - replacement (\$1,000 deductible)	\$44,141,939
Crime Insurance:	
Outside Premises	25,000
Inside Premises	25,000
Automobile Liability (\$150 deductible)	2,000,000
Uninsured Motorists (no deductible)	2,000,000
General Liability:	
Per occurrence	1,000,000
Total per year (aggregate)	3,000,000

Settled claims have not exceeded commercial coverage in any of the past three years. There was not a significant reduction in coverage from the prior year.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

13. RISK MANAGEMENT - (Continued)

B. Life Insurance

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

C. Employee Medical Benefits

The District has contracted with the Trumbull County Schools Employee Insurance Benefits Consortium to provide employee medical/surgical benefits. The Trumbull County Schools Employee Insurance Benefits Consortium is a shared risk pool comprised of sixteen Trumbull County school districts. Rates are set through an annual calculation process. The District pays a monthly contribution which is placed in a common fund from which all claims payments are made for all participating schools districts. Claims are paid for all participants regardless of claims flow. The board of directors has the right to return monies to an exiting district subsequent to the settlement of all expenses and claims. The District pays medical/surgical premiums of \$571.90 for family coverage and \$219.69 for single coverage per employee per month for the traditional plan and \$665.95 for family coverage and \$292.64 for single coverage per employee per month for the HMO plan.

Dental and prescription drug insurance are also provided through the Trumbull County Schools Insurance Benefits Consortium. Premiums for dental coverage are \$43.31 for both family and single coverage per month for both the traditional and HMO plans. Monthly premiums for prescription drug insurance are \$91.00 for both family and single coverage for the traditional plan and it is included in the medical/surgical premium for the HMO plan. Monthly premiums for vision insurance are \$7.71 for family and \$2.80 for single coverage for both the traditional and HMO plans. The plan utilizes a \$5.00 prescription deductible.

D. Workers' Compensation

The District participates in the Ohio School Boards Association Workers' Compensation Group Rating Program (GRP), an insurance purchasing pool (see Note 2.A.). 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 its grouping and representation with other participants in the GRP. The workers' compensation experience of the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for the GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will then either receive money from or be required to contribute to the "Equity Pooling Fund". This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates McDonald & Co. provides administrative, cost control and actuarial services to the GRP. Each year, the District pays an enrollment fee to the GRP to cover the costs of administering the program.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

14. SEGMENT INFORMATION - ENTERPRISE FUNDS

The District maintains three enterprise funds to account for the operations of food service, uniform school supplies, and before and after school education. The table below reflects, in a summarized format, the more significant financial data relating to the enterprise funds of the District as of and for the year ended June 30, 2000.

	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Before and After School</u>	<u>Total</u>
Operating revenue	\$398,984	\$18,117	\$ 33,533	\$ 450,634
Operating expenses				
before depreciation	804,041	23,725	66,728	894,494
Depreciation	2,533	---	59	2,592
Operating loss	(407,590)	(5,608)	(33,254)	(446,452)
Operating grants	362,835	---	---	362,835
Net income (loss)	81,496	(5,608)	(33,254)	42,634
Federal donated commodities	67,246	---	---	67,246
Operating transfers in	58,967	---	---	58,967
Net working capital	(17,079)	5,653	(13,913)	(25,339)
Total assets	89,973	5,653	970	96,596
Total liabilities	110,499	---	14,472	124,971
Total equity	(20,526)	5,653	(13,502)	(28,375)

15. DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

The District contributes to the School Employees Retirement System of Ohio (SERS), a cost-sharing, multiple-employer defined benefit pension plan administered by the School Employees Retirement Board. 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. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634, or by calling (614) 222-5853.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute 14 percent for 2000; 5.55 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by the School Employees Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions to SERS for the fiscal years ended June 30, 2000, 1999 and 1998 were \$328,208, \$294,122, and \$337,265, respectively; 50.3 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$162,964, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

15. DEFINED BENEFIT PENSION PLANS (Continued)

B. State Teachers Retirement System

The District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing, multiple-employer public employee retirement system administered by the State Teachers Retirement Board. STRS provides retirement and disability benefits, annual cost-of-living adjustments, and death and survivor benefits to plan members and beneficiaries. Authority to establish and amend benefits is provided 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. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771, or by calling (614) 227-4090.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 6 percent was the portion used to fund pension obligations. Contribution rates are established by the State Teachers Retirement Board, 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 to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,269,555, \$1,257,073, and \$1,093,421, respectively; 83.4 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$210,730, representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security System

Effective July 1, 1991, all employees not otherwise covered by the School Employees Retirement System or the State Teachers Retirement System have an option to choose Social Security or the School Employees Retirement System/State Teachers Retirement System. As of June 30, 2000, two of the board of education members have elected social security. The board's liability is 6.2 percent of wages paid.

16. POSTEMPLOYMENT BENEFITS

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

The State Teachers Retirement Board has statutory authority over how much, if any, of the health care costs will be absorbed by STRS. Most benefit recipients pay a portion of the health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. For this fiscal year, the Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$725,460 during fiscal 2000.

STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 billion at June 30, 1999 (the latest information available). For the year ended June 30, 1999 (the latest information available), net health care costs paid by STRS were \$249.929 million and STRS had 95,796 eligible benefit recipients.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

16. POSTEMPLOYMENT BENEFITS - (Continued)

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

For this fiscal year, employer contributions to fund health care benefits were 8.45 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 2000, the minimum pay has been established at \$12,400. 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, 1999 (the latest information available), were \$126.4 million and the target level was \$189.6 million. At June 30, 1999 (the latest information available), SERS had net assets available for payment of health care benefits of \$188.0 million and SERS had approximately 51,000 participants receiving health care benefits. For the District, the amount to fund health care benefits, including surcharge, equaled \$230,966 during the 2000 fiscal year.

17. BUDGETARY BASIS OF ACCOUNTING

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

The Combined Statement of Revenue, Expenditures, and Changes in Fund Balances - Budget and Actual - All Governmental Fund Types is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and the GAAP basis are that:

- (a) Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis);
- (b) Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis);
- (c) In order to determine compliance with Ohio law, and to reserve that portion of the applicable appropriation, encumbrances are recorded as the equivalent of an expenditure (budget basis) as opposed to a reservation of fund balance for governmental funds (GAAP basis); and
- (d) Intrafund transfers have been presented as other financing sources (uses) on a budget basis. Intrafund transfers have been eliminated for GAAP basis reporting purposes.

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

17. BUDGETARY BASIS OF ACCOUNTING (Continued)

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

Governmental Fund Types

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>
Budget basis	\$(390,560)	\$(19,163)	\$194,594	\$5,599,053
Net adjustment for revenue accruals	125,507	(2,662)	1,335	
Net adjustment for expenditure accruals	(367,213)	(48,565)		(137,085)
Net adjustment for other financing sources (uses)	(160,027)	(2,712)		(5,848,001)
Encumbrances (budget basis)	<u>108,179</u>	<u>12,967</u>	<u> </u>	<u>765,034</u>
GAAP basis	<u>\$(684,114)</u>	<u>\$(60,135)</u>	<u>\$195,929</u>	<u>\$ 379,001</u>

18. CONTINGENCIES

A. Grants

The District receives significant financial assistance from numerous federal, state and local agencies in the form of grants. The disbursement of funds received under these programs generally requires compliance with terms and conditions specified in the grant agreements and is subject to audit by the grantor agencies. Any disallowed claims resulting from such audits could become a liability of the general fund or other applicable funds. However, in the opinion of management, any such disallowed claims will not have a material effect on any of the financial statements of the individual fund types included herein or on the overall financial position of the District at June 30, 2000.

B. Litigation

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

C. State School Funding Decision

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received school foundation support of \$9,004,027 for its general fund.

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

18. CONTINGENCIES (Continued)

In addition, the Court declared the classroom facilities program unconstitutional, because, in the Court's opinion, the program had not been sufficiently funded by the State. The classroom facilities program provided money to build schools and furnish classrooms. As of June 30, 2000, the District had not received any funding under this program.

Since the Supreme Court ruling, numerous pieces of legislation have been passed by the State General Assembly in an attempt to address the issues identified by the Court. The Court of Common Pleas in Perry County reviewed the new laws and, in a decision issued on February 26, 1999, determined they are not sufficiently responsive to the constitutional issues raised under the "thorough and efficient" clause of the Ohio Constitution. The State appealed the decision made by the Court of Common Pleas to the Ohio Supreme Court. On May 11, 2000, the Ohio Supreme Court rendered an opinion on this issue. The court concluded, "...the mandate of the (Ohio) Constitution has not been fulfilled." The Court's majority recognized efforts by the Ohio General Assembly taken in response to the Court's March 24, 1997, decision, however, it found seven "...major areas warrant further attention, study, and development by the General Assembly..." including the State's reliance on local property tax funding, the state's basic aid formula, the school foundation program, as discussed above, the mechanism for, and adequacy of, funding for school facilities, and the existence of the State's School Solvency Assistance Fund, which the Court found took the place of the unconstitutional emergency school loan assistance program.

The Court decided to maintain jurisdiction over these issues and continued the case at least until June 15, 2001.

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

19. STATUTORY RESERVES

The District is required by State law to set-aside certain general fund revenue amounts, as defined by Statute, into various reserves. These reserves are calculated and presented on a cash basis. An adjustment is required to properly state the set-aside cash balances at June 30, 1999 for qualifying expenditures made in fiscal year 1999 but never applied against the set-aside requirements. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<u>Textbooks</u>	<u>Capital Acquisition</u>	<u>Budget Stabilization</u>
Set-aside cash balance as of June 30, 1999	\$ 201,190	\$ 244,558	\$213,059
Adjustment for qualifying expenditures	<u>(149,662)</u>	<u>(206,091)</u>	<u> </u>
Restated set-aside cash balance as of July 1, 1999	51,528	38,467	213,059
Current year set-aside requirement	418,186	418,186	139,395
Qualifying disbursements	<u>(283,958)</u>	<u>(344,595)</u>	<u> </u>
Total	<u>\$ 185,756</u>	<u>\$ 112,058</u>	<u>\$352,454</u>
Cash balance carried forward to FY 2001	<u>\$ 185,756</u>	<u>\$ 112,058</u>	<u>\$352,454</u>

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY, OHIO**

**NOTES TO GENERAL PURPOSE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2000
(Continued)**

19. STATUTORY RESERVES

A schedule of the restricted assets at June 30, 2000 follows:

Amount restricted for textbooks	\$185,756
Amount restricted for capital improvements	112,058
Amount restricted for budget stabilization	<u>352,454</u>
 Total restricted assets	 <u><u>\$650,268</u></u>

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NILES CITY SCHOOL DISTRICT

TRUMBULL COUNTY

SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
FOR THE YEAR ENDED June 30, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program		10.550		\$43,922		\$34,087
National School Breakfast Program		10.553	\$53,876		\$53,876	
National School Lunch Program		10.555	228,560		228,560	
Special Milk Program		10.556	3,726		3,726	
Total U.S. Department of Agriculture - Nutrition Cluster			286,162	43,922	286,162	34,087
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Special Education Grants to States (IDEA Part B)	6B-SF-99 6B-SF-00	84.027	(5,247) 118,342		55,014 129,031	
Grants to Local Educational Agencies (ESEA Title I)	C1-S1-99 C1-S1-00 Carryover 98 Carryover 99	84.010	24,521 368,049		50,470 277,537 29,654 34,006	
Innovative Educational Program Strategies	C2-S1-00 Carryover 99 Carryover 98	84.298	6,370 3,095 (179)		5,314 12,074 5,290	
Drug-Free Schools Grant	DR-S1-99 DR-S1-00 Carryover 98 Carryover 99	84.186		25,148 (552)	1,748 20,802 552 398	
Goals 2000 - Systemic Improvement	G2-S2-99	84.276	(1,389)		14,772	
Title II - Eisenhower	MS-S1-98 MS-S1-99 MS-S1-00 Carryover 99	84.281	(1,678)		2,986 2,265 3,713 6,076	
Class Size Reduction - TitleVI-R	CR-S1-00	84.340	47,566		45,575	
Dependent Care Plan	DC-S1-00	93.673	20,000		19,342	
Total Department of Education			608,365		716,619	
Totals			\$894,527	\$43,922	\$1,002,781	\$34,087

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

**NILES CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

FISCAL YEAR ENDED JUNE 30, 2000

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

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, 2000, the District had no significant food commodities in inventory.



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

Niles City School District
Trumbull County
100 West Street
Niles, Ohio 44446

To the Board of Education:

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

Compliance

As part of obtaining reasonable assurance about whether the District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance that is required to be reported under *Government Auditing Standards* which is described in the accompanying schedule of findings as item 2000-11178-001. We also noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated November 30, 2000.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over financial reporting that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated November 30, 2000.

Niles City School District
Trumbull County
Report of Independent Accountants on Compliance and on
Internal Control Required by Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

November 30, 2000



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

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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**

Niles City School District
Trumbull County
100 West Street
Niles, Ohio 44446

To the Board of Education:

Compliance

We have audited the compliance of the Niles City School District, Trumbull County, (the District) with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133, Compliance Supplement* that are applicable to its major federal programs for the year ended June 30, 2000. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings. Compliance with the requirements of laws, regulations, contracts and grants applicable to its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District's 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, 2000.

Internal Control Over Compliance

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

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

This report is intended for the information and use of the audit committee, management, the Board of Education, 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

November 30, 2000

SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505
JUNE 30, 2000

1. SUMMARY OF AUDITOR'S RESULTS		
(d)(1)(i)	Type of Financial Statement Opinion	Unqualified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major federal programs?	No
(d)(1)(iv)	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unqualified
(d)(1)(vi)	Are there any reportable findings under § .510?	No
(d)(1)(vii)	Major Programs (list):	Title I - Educationally Deprived Children CFDA# 84.010 Special Ed. Grants to States CFDA# 84.027
(d)(1)(viii)	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes
2. FINDINGS RELATED TO THE FINANCIAL STATEMENTS REQUIRED TO BE REPORTED IN ACCORDANCE WITH GAGAS		

FINDING NUMBER 2000-11178-001

Noncompliance Citation

Ohio Rev. Code Section 5705.39 states the total appropriation from each fund should not exceed the total estimated revenue. No appropriation measure is to become effective until the county auditor files a certificate that the total appropriations from each fund do not exceed the total official estimate or amended official estimate.

The Treasurer appropriated amounts in excess of total estimated revenue in the following funds:

Fund	Violation Amount
Emergency Levy Fund	(\$ 127,851)
D.P.I.A. Fund	(\$ 249,169)
Schoolnet Professional Development Fund	(\$ 4,000)
Ohioreads Grant Fund	(\$ 10,000)
Title VI Fund	(6,773)
Drug Free Schools Grant Fund	(\$ 15,889)
B.A.S.E. Program Fund	(\$ 20,000)
Emergency School Repair Fund	(\$ 39,000)
Before & After School Fund	(\$ 12,312)

This leads to an increase risk that disbursements within the above named funds to exceed the amounts actually available.

We recommend that the Treasurer review the amounts certified thoroughly, adjusting the amended certificate and, subsequently the appropriations, to ensure appropriations do not exceed the amounts on the amended certificate of estimated resources and actual revenue received.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS
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None



STATE OF OHIO
OFFICE OF THE AUDITOR

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NILES 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
JANUARY 16, 2001**