



**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



JIM PETRO
AUDITOR OF STATE

STATE OF OHIO

WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY

TABLE OF CONTENTS

TITLE	PAGE
Report of Independent Accountants	1
Combined Balance Sheet - All Fund Types and Account Groups	3
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - All Governmental Fund Types and Expendable Trust Funds	5
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual - All Governmental Fund Types and Expendable Trust Funds	6
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings - All Proprietary Fund Types and Non-Expendable Trust Funds	9
Combined Statement of Cash Flows - All Proprietary Fund Types And Non-Expendable Trust Funds	10
Notes to the General-Purpose Financial Statements	11
Schedule of Federal Awards Receipts and Expenditures	36
Notes to the Schedule of Federal Awards Receipts and Expenditures	38
Report of Independent Accountants on Compliance and on Internal Control as Required by <i>Government Auditing Standards</i>	39
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	41
Schedule of Findings	43

This page intentionally left blank.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

REPORT OF INDEPENDENT ACCOUNTANTS

Warren City School District
Trumbull County
261 Monroe St., NW
Warren, Ohio 44483

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Warren City School District, Trumbull County, (the District) as of and for the year ended June 30, 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 Warren City School District, Trumbull County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 22, 2000 on our consideration of the Government'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 Government, taken as a whole. The accompanying schedule of federal awards receipts and expenditures is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the general-purpose financial statements. Such information has been subjected to the auditing procedures applied in the audit of the general-purpose financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the general-purpose financial statements taken as a whole.

Jim Petro
Auditor of State

December 22, 2000

**Warren City School District
Combined Balance Sheet
All Fund Types and Account Groups
June 30, 2000**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups		Totals
	General	Special Revenue	Capital Project	Enterprise	Internal Service	Trust and Agency	Fixed Assets	General	Long Term Debt	2000			
										(Memorandum)	(Only)		
Assets and Other Debits:													
Equity in Pooled Cash and Investments	\$ 12,858,069	2,589,975	2,239,188	949,400	928,884	703,525	0	0	0	0	\$ 20,269,041		
Restricted Cash and Cash Equivalents	328,646	0	0	0	0	0	0	0	0	0	328,646		
Taxes Receivable	20,567,115	0	0	0	0	0	0	0	0	0	20,567,115		
Interfund Receivables	159,673	0	0	0	0	0	0	0	0	0	159,673		
Due from Other Funds	0	0	0	0	0	823,022	0	0	0	0	823,022		
Intergovernmental Receivables	204,107	507,164	0	228,785	0	0	0	0	0	0	940,056		
Accounts Receivable	47,884	7,838	0	117,017	375,399	15,814	0	0	0	0	563,952		
Supplies Inventory	0	0	0	9,262	0	0	0	0	0	0	9,262		
Inventory for Resale	0	0	0	75,133	218,324	0	0	0	0	0	293,457		
Prepaid Expenses	13,732	784	0	74	0	0	0	0	0	0	14,590		
Property, Plant & Equipment	0	0	0	804,740	14,880	0	34,189,570	0	0	0	35,009,190		
Accumulated Depreciation, where applicable	0	0	0	(378,836)	(2,886)	0	0	0	0	0	(381,722)		
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	0	0	0		
Total Assets and Other Debits	\$ 34,179,226	3,105,761	2,239,188	1,805,575	1,534,601	1,542,361	34,189,570	3,417,380	0	0	\$ 82,013,662		

(Continued)

**Warren City School District
Combined Balance Sheet
All Fund Types and Account Groups, Continued
June 30, 2000**

	Governmental Fund Types				Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals
	General	Special Revenue	Capital Project	Internal Service	Enterprise	Trust and Agency	General Fixed Assets	General Long Term Debt	General	Long Term Debt	General	Long Term Debt	(Memorandum)	2000
Liabilities:														
Interfund Payables	\$ 0	88,555	0	0	0	71,118	0	0	0	0	0	0	\$	159,673
Due to Other Funds	584,737	158,346	0	0	79,939	0	0	0	0	0	0	0	0	823,022
Intergovernmental Payable	18,142	4,793	0	0	41	1,332,424	0	415,505	0	0	0	0	0	1,770,905
Accounts Payable	1,048,352	304,129	504,077	15,114	3,207	31,228	0	0	0	0	0	0	0	1,906,107
Claims Payable	0	0	0	0	0	501,000	0	0	0	0	0	0	0	501,000
Accrued Salaries and Benefits	3,082,883	768,795	0	0	26,556	0	0	0	0	0	0	0	0	3,878,234
Deferred Revenue	20,478,889	0	0	0	67,529	0	0	0	0	0	0	0	0	20,546,418
Due to Others	0	0	0	0	0	33,493	0	0	0	0	0	0	0	33,493
Asbestos Abatement Note	0	0	0	0	0	0	0	80,336	0	0	0	0	0	80,336
Compensated Absences Payable	329,580	6,267	0	0	15,906	0	0	2,921,539	0	0	0	0	0	3,273,292
Early Retirement Incentive	360,000	0	0	0	0	0	0	0	0	0	0	0	0	360,000
Total Liabilities	25,902,583	1,330,885	504,077	516,114	193,178	1,468,263	0	3,417,380	0	0	0	0	0	33,332,480
Fund Equity and Other Credits:														
Investment in General Fixed Assets	0	0	0	0	0	0	0	34,189,570	0	0	0	0	0	34,189,570
Retained Earnings	0	0	0	1,018,487	1,612,397	23,746	0	0	0	0	0	0	0	2,654,630
Fund Balances:														
Reserved for Budget Stabilization	328,646	0	0	0	0	0	0	0	0	0	0	0	0	328,646
Reserved for Encumbrances	1,541,948	173,912	1,460,201	0	0	364	0	0	0	0	0	0	0	3,176,425
Reserved for Property Tax	88,226	0	0	0	0	0	0	0	0	0	0	0	0	88,226
Unreserved Fund Balance	6,317,823	1,600,964	274,910	0	0	49,988	0	0	0	0	0	0	0	8,243,685
Total Fund Equity	8,276,643	1,774,876	1,735,111	0	0	74,098	0	0	0	0	0	0	0	11,836,982
Total Fund Balances/Retained Earnings and Other Credits	8,276,643	1,774,876	1,735,111	1,018,487	1,612,397	74,098	0	34,189,570	0	0	0	0	0	48,681,182
Total Liabilities, Fund Equity, and Other Credits	\$ 34,179,226	3,105,761	2,239,188	1,534,601	1,805,575	1,542,361	0	34,189,570	0	0	0	0	\$	82,013,662

See Accompanying Notes to the General Purpose Financial Statements

Warren City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balance
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2000

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum) (Only)
REVENUES:						
Taxes	\$ 18,065,427	887	0	0	0	\$ 18,066,314
Tuition	292,534	0	0	0	0	292,534
Transportation Fees	47,802	0	0	0	0	47,802
Earnings on Investments	1,062,812	8,335	0	2,000	0	1,073,147
Extracurricular Activities	0	170,801	0	0	0	170,801
Miscellaneous	194,118	273,781	0	548,604	88,244	1,104,747
Revenue from Intermediate Sources						
Restricted Grants-in-Aid	0	0	0	0	11,380	11,380
Revenue from State Sources						
Unrestricted Grants -in-Aid	26,288,586	1,248,424	0	0	0	27,537,010
Restricted Grants-in-Aid	192,433	5,140,308	0	559,108	0	5,891,849
Revenue for/on Behalf of the District	102,018	0	0	0	0	102,018
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	5,206	585,838	0	0	0	591,044
Restricted Grants-in-Aid	409,578	3,616,442	0	0	0	4,026,020
Revenue in Lieu of Taxes	41,303	0	0	0	0	41,303
Total Revenue	<u>46,701,817</u>	<u>11,044,816</u>	<u>0</u>	<u>1,109,712</u>	<u>99,624</u>	<u>58,955,969</u>
EXPENDITURES:						
Instruction						
Regular	17,742,215	3,361,196	0	0	49,910	21,153,321
Special	5,260,201	2,393,036	0	0	8,198	7,661,435
Vocational	598,449	55,872	0	0	6,665	660,986
Adult/Continuing/Other Instruction	295,787	180,714	0	0	0	476,501
Supporting Services						
Pupils	1,868,826	998,148	0	0	0	2,866,974
Instructional Staff	1,704,811	1,160,478	0	191,990	12,616	3,069,895
Board of Education	33,675	0	0	0	0	33,675
Administration	3,936,833	306,913	0	0	155	4,243,901
Fiscal Services	769,901	106,494	0	0	0	876,395
Business	745,743	11,910	0	0	0	757,653
Operation & Maintenance-Plant	6,599,656	165,272	0	111,467	0	6,876,395
Pupil Transportation	2,129,651	34,759	0	0	351	2,164,761
Central	782,347	14,771	0	0	0	797,118
Operation of Non-Instructional Services						
Food Services Operations	0	12,026	0	0	0	12,026
Community Services	0	611,459	0	0	0	611,459
Other Operational Non-Instructional Services	0	414	0	0	5,612	6,026
Extracurricular Activities						
Academic & Subject Oriented	122,018	59,559	0	0	0	181,577
Occupation Oriented Activity	3,655	949	0	0	0	4,604
Sports Oriented	408,156	262,236	0	0	0	670,392
Co-Curricular Activities	40,823	20,876	0	0	0	61,699
Capital Outlay						
Site Improvements	0	0	0	217,379	0	217,379
Building Acquisition & Construction	0	0	0	2,075,600	0	2,075,600
Building Improvements	5,900	750	0	0	0	6,650
Debt Service						
Repayment of Debt	0	0	18,198	0	0	18,198
Total Expenditures	<u>43,048,647</u>	<u>9,757,832</u>	<u>18,198</u>	<u>2,596,436</u>	<u>83,507</u>	<u>55,504,620</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,653,170	1,286,984	(18,198)	(1,486,724)	16,117	3,451,349
Other Financing Sources and Uses:						
Other Financing Sources						
Gain on Sale of Assets	925	0	0	0	0	925
Transfers-In	0	159,906	18,198	300,000	0	478,104
Refund of Prior Year Expenses	33,307	0	0	0	0	33,307
Other Financing Uses						
Transfer-Out	(472,198)	(379)	0	0	0	(472,577)
Refund of Prior Year Receipts	0	(65,598)	0	0	0	(65,598)
Pass Through Payments	0	(2,534)	0	0	0	(2,534)
Net Other Financing Sources and Uses	<u>(437,966)</u>	<u>91,395</u>	<u>18,198</u>	<u>300,000</u>	<u>0</u>	<u>(28,373)</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditure Disbursement and Other Uses	3,215,204	1,378,379	0	(1,186,724)	16,117	3,422,976
Beginning Fund Balance	5,061,439	396,497	0	2,921,835	34,235	8,414,006
Ending Fund Balance	<u>\$ 8,276,643</u>	<u>1,774,876</u>	<u>0</u>	<u>1,735,111</u>	<u>50,352</u>	<u>\$ 11,836,982</u>

See Accompanying Notes to the General Purpose Financial Statements

Warren City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds
Year Ended June 30, 2000

	General Fund			Special Revenue Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 18,016,000	18,047,534	31,534	805	887	\$ 82
Tuition	120,000	152,168	32,168	0	0	0
Transportation Fees	50,000	45,713	(4,287)	0	0	0
Earnings on Investment	870,000	1,063,653	193,653	12,538	12,538	0
Extracurricular Activities	0	0	0	225,570	170,733	(54,837)
Miscellaneous	165,000	176,225	11,225	244,949	266,212	21,263
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	25,887,000	26,288,586	401,586	1,200,000	1,248,424	48,424
State Restricted Grants-in-Aid	99,000	225,997	126,997	5,607,793	5,003,923	(603,870)
Revenue for/on Behalf of District	140,000	102,018	(37,982)	0	0	0
Federal Unrestricted Grants-in-Aid	10,000	4,963	(5,037)	619,464	510,838	(108,626)
Federal Restricted Grants-in -Aid	250,000	364,840	114,840	4,459,255	3,555,275	(903,980)
Revenue in Lieu of Taxes	35,000	41,303	6,303	0	0	0
Total Revenue	45,642,000	46,513,000	871,000	12,370,374	10,768,830	(1,601,544)
Expenditures:						
Regular Instruction	18,353,219	18,352,401	818	4,063,745	3,530,169	533,576
Special Instruction	5,496,024	5,472,581	23,443	3,257,975	2,571,326	686,649
Vocational Instruction	646,585	633,771	12,814	57,584	47,736	9,848
Other/Adult/Continuing Instruction	0	0	0	233,980	181,642	52,338
Other Instruction	315,000	268,833	46,167	0	0	0
Support Services-Pupils	2,034,786	2,013,126	21,660	1,845,607	1,099,653	745,954
Support Services-Instructional Staff	1,796,707	1,767,219	29,488	1,994,839	1,317,876	676,963
Support Services-Board of Education	43,597	40,380	3,217	0	0	0
Support Services-Administration	4,106,604	4,102,140	4,464	427,429	330,172	97,257
Fiscal Services	877,935	873,619	4,316	180,755	146,657	34,098
Support Services-Business	793,812	789,950	3,862	23,878	17,886	5,992
Operation & Maintenance-Plant	7,345,727	7,261,122	84,605	184,295	162,200	22,095
Support Services-Transportation	2,662,089	2,532,634	129,455	86,880	37,365	49,515
Support Services-Central	893,729	883,144	10,585	40,858	14,771	26,087
Food Services	0	0	0	22,589	22,048	541
Community Services	0	0	0	933,009	757,271	175,738
Other Operational Non-Instructional Services	0	0	0	1,614	414	1,200
Academic & Subject Oriented	144,270	141,402	2,868	91,431	62,871	28,560
Occupation Oriented Activities	3,690	3,655	35	2,733	949	1,784
Sports Oriented Activities	407,125	406,951	174	297,833	266,039	31,794
Co-Curricular Activities	41,533	40,823	710	23,578	19,175	4,403
Site Improvement	0	0	0	0	0	0
Building Acquisition & Construction	0	0	0	3,568	3,568	0
Building Improvement	5,900	5,900	0	854	750	104
Repayment of Debt	0	0	0	0	0	0
Total Expenditures	45,968,332	45,589,651	378,681	13,775,034	10,590,538	3,184,496
Excess of Revenue Over (Under) Expenditures	(326,332)	923,349	1,249,681	(1,404,660)	178,292	1,582,952
Other Financing Sources (Uses):						
Sale & Loss of Assets	10,000	856	(9,144)	0	0	0
Transfer-In	0	0	0	143,000	159,906	16,906
Advances-In	63,999	63,999	0	0	88,555	88,555
Refund of Prior Year Expenditures	7,500	39,652	32,152	2,400	2,323	(77)
Transfer-Out	(478,198)	(472,198)	6,000	(379)	(379)	0
Advances-Out	(162,000)	(159,673)	2,327	0	(2,500)	(2,500)
Refund of Prior Year Receipts	(1,000)	0	1,000	(29,715)	(65,598)	(35,883)
Pass Through Payments	0	0	0	(2,534)	(2,534)	0
Total Other Sources (Uses)	(559,699)	(527,364)	32,335	112,772	179,773	67,001
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(886,031)	395,985	1,282,016	(1,291,888)	358,065	1,649,953
Beginning Fund Balance	8,648,123	8,648,123	0	1,090,711	1,090,711	0
Prior Year Carry Over Encumbrances	1,723,372	1,723,372	0	652,755	652,755	0
Ending Fund Balance	\$ 9,485,464	10,767,480	1,282,016	451,578	2,101,531	\$ 1,649,953

(Continued)

Warren City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds - Continued
Year Ended June 30, 2000

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
Taxes	\$ 0	0	0	0	0	\$ 0
Tuition	0	0	0	0	0	0
Transportation Fees	0	0	0	0	0	0
Earnings on Investment	0	0	0	2,000	2,000	0
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	548,603	548,604	1
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	0	0	0	0	0	0
State Restricted Grants-in-Aid	0	0	0	559,108	559,108	0
Revenue for/on Behalf of District	0	0	0	0	0	0
Federal Unrestricted Grants-in-Aid	0	0	0	0	0	0
Federal Restricted Grants-in-Aid	0	0	0	0	0	0
Revenue in Lieu of Taxes	0	0	0	0	0	0
Total Revenue	0	0	0	1,109,711	1,109,712	1
Expenditures:						
Regular Instruction	0	0	0	0	0	0
Special Instruction	0	0	0	0	0	0
Vocational Instruction	0	0	0	0	0	0
Adult/Continuing Instruction	0	0	0	0	0	0
Other Instruction	0	0	0	0	0	0
Support Services-Pupils	0	0	0	0	0	0
Support Services-Instructional Staff	0	0	0	197,003	194,305	2,698
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	111,467	111,467	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Other Operational Non-Instructional Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented Activities	0	0	0	10,925	9,380	1,545
Co-Curricular Activities	0	0	0	0	0	0
Site Improvements	0	0	0	423,864	423,864	0
Building Acquisition & Construction	0	0	0	0	0	0
Building Improvement	0	0	0	3,818,816	3,560,211	258,605
Repayment of Debt	18,198	18,198	0	0	0	0
Total Expenditures	18,198	18,198	0	4,562,075	4,299,227	262,848
Excess of Revenue Over (Under) Expenditures	(18,198)	(18,198)	0	(3,452,364)	(3,189,515)	262,849
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	300,000	300,000	0
Transfer-In	18,198	18,198	0	0	0	0
Advances-In	0	0	0	0	0	0
Refund of Prior Years Expenditures	0	0	0	0	0	0
Transfer-Out	0	0	0	0	0	0
Advance-Out	0	0	0	0	0	0
Refund of Prior Years Receipts	0	0	0	0	0	0
Pass Through Payments	0	0	0	0	0	0
Total Other Sources (Uses)	18,198	18,198	0	300,000	300,000	0
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	0	0	0	(3,152,364)	(2,889,515)	262,849
Beginning Fund Balance	0	0	0	2,281,771	2,281,771	0
Prior Year Carry Over Encumbrances	0	0	0	870,654	870,654	0
Ending Fund Balance	\$ 0	0	0	61	262,910	\$ 262,849

(Continued)

Warren City School District
Combined Statement of Revenues, Expenditures, and Changes in Fund Balances
Budget and Actual (Non-GAAP Basis)
All Governmental Fund Types and Expendable Trust Funds - Continued
Year Ended June 30, 2000

	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
Revenues:						
	Expendable Trust Funds			Totals (Memorandum Only)		
Taxes				18,016,805	18,048,421	\$ 31,616
Tuition				120,000	152,168	32,168
Transportation Fees				50,000	45,713	(4,287)
Earnings on Investment				884,538	1,078,191	193,653
Extracurricular Activities				225,570	170,733	(54,837)
Miscellaneous	94,794	72,757	(22,037)	1,053,346	1,063,798	10,452
Intermediate Restricted Grants-in-Aid	11,380	11,380	0	11,380	11,380	0
State Unrestricted Grants-in-Aid	0	0	0	27,087,000	27,537,010	450,010
State Restricted Grants-in-Aid	0	0	0	6,265,901	5,789,028	(476,873)
Revenue for/on Behalf of District	0	0	0	140,000	102,018	(37,982)
Federal Unrestricted Grants-in-Aid	0	0	0	629,464	515,801	(113,663)
Federal Restricted Grants-in-Aid	0	0	0	4,709,255	3,920,115	(789,140)
Revenue in Lieu of Taxes	0	0	0	35,000	41,303	6,303
Total Revenue	106,174	84,137	(22,037)	59,228,259	58,475,679	(752,580)
Expenditures:						
Regular Instruction	62,932	49,910	13,022	22,479,896	21,932,480	547,416
Special Instruction	17,500	8,198	9,302	9,771,499	8,052,105	1,719,394
Vocational Instruction	8,826	6,703	2,123	712,995	688,210	24,785
Other/Adult/Continuing Instruction	0	0	0	233,980	181,642	52,338
Other Instruction	0	0	0	315,000	268,833	46,167
Support Services-Pupils	2,734	0	2,734	3,883,127	3,112,779	770,348
Support Services-Instructional Staff	22,083	13,143	8,940	4,010,632	3,292,543	718,089
Support Services-Board of Education	0	0	0	43,597	40,380	3,217
Support Services-Administration	1,678	155	1,523	4,535,711	4,432,467	103,244
Fiscal Services	0	0	0	1,058,690	1,020,276	38,414
Support Services-Business	8,449	0	8,449	826,139	807,836	18,303
Operation & Maintenance-Plant	0	0	0	7,641,489	7,534,789	106,700
Support Services-Transportation	575	365	210	2,749,544	2,570,364	179,180
Support Services-Central	0	0	0	934,587	897,915	36,672
Food Services	0	0	0	22,589	22,048	541
Community Services	7	0	7	933,016	757,271	175,745
Other Operational Non-Instruction	12,116	5,843	6,273	13,730	6,257	7,473
Academic & Subject Oriented	0	0	0	235,701	204,273	31,428
Occupation Oriented Activities	0	0	0	6,423	4,604	1,819
Sports Oriented Activities	0	0	0	715,883	682,370	33,513
Co-Curricular Activities	0	0	0	65,111	59,998	5,113
Site Improvement	0	0	0	423,864	423,864	0
Building Acquisition & Construction	0	0	0	3,568	3,568	0
Building Improvement	0	0	0	3,825,570	3,566,861	258,709
Repayment of Debt	0	0	0	18,198	18,198	0
Total Expenditures	136,900	84,317	52,583	65,460,539	60,581,931	4,878,608
Excess of Revenue Over (Under) Expenditures	(30,726)	(180)	30,546	(6,232,280)	(2,106,252)	4,126,028
Other Financing Sources (Uses):						
Sale & Loss of Assets	0	0	0	10,000	856	(9,144)
Transfer-In	6,000	0	(6,000)	467,198	478,104	10,906
Advances-In	0	953	953	63,999	153,507	89,508
Refund of Prior Year Expenditures	0	0	0	9,900	41,975	32,075
Transfer-Out	0	0	0	(478,577)	(472,577)	6,000
Advances-Out	0	(1,066)	(1,066)	(162,000)	(163,239)	(1,239)
Refund of Prior Years Expenses	0	0	0	(30,715)	(65,598)	(34,883)
Pass Through Payments	0	0	0	(2,534)	(2,534)	0
Total Other Sources (Uses)	6,000	(113)	(6,113)	(122,729)	(29,506)	93,223
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(24,726)	(293)	24,433	(6,355,009)	(2,135,758)	4,219,251
Beginning Fund Balance	34,662	34,662	0	12,055,267	12,055,267	0
Prior Year Carry Over Encumbrances	1,026	1,026	0	3,247,807	3,247,807	0
Ending Fund Balance	\$ 10,962	\$ 35,395	\$ 24,433	\$ 8,948,065	\$ 13,167,316	\$ 4,219,251

See Accompanying Notes to the General Purpose Financial Statements

Warren City School District
Combined Statement of Revenues, Expenses, and Changes in Retained Earnings
All Proprietary Fund Types and Non-Expendable Trust Funds
Year Ended June 30, 2000

	Proprietary Fund Types		Non-Expendable Trust Funds	Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds		
Operating Revenues:				
Tuition	\$ 353,772	0	0	\$ 353,772
Food Service	385,586	0	0	385,586
Extracurricular Activities	0	13,366	0	13,366
Classroom Materials & Fees	40,762	0	0	40,762
Miscellaneous	21,223	3,980,480	0	4,001,703
Total Operating Revenue	801,343	3,993,846	0	4,795,189
Operating Expenses:				
Personal Services - Salary	830,162	2,675	0	832,837
Employee Benefits	402,787	402	0	403,189
Purchased Services	37,183	5,748	0	42,931
Supplies and Materials	1,027,371	149,036	0	1,176,407
Other Expenses	2,425	4,511,343	0	4,513,768
Depreciation	20,266	992	0	21,258
Total Operating Expenses	2,320,194	4,670,196	0	6,990,390
Operating Loss	(1,518,851)	(676,350)	0	(2,195,201)
Non-Operating Revenues:				
Earnings On Investments	33,463	5,317	1,218	39,998
Miscellaneous	6,106	6,457	2	12,565
State Restrained Grants-in-Aid	103,918	0	0	103,918
Revenue for/on Behalf of District	8,992	0	0	8,992
Federal Unrestricted Grants-In-Aid	1,252,035	0	0	1,252,035
Federal Restricted Grants-In-Aid	320,108	0	0	320,108
Other Revenues	6,190	0	0	6,190
Total Non-Operating Revenues	1,730,812	11,774	1,220	1,743,806
Non-Operating Expenses:				
Loss on Disposal of Assets	59	0	0	59
Total Non-Operating Expenses	59	0	0	59
Net Income(Loss)	211,902	(664,576)	1,220	(451,454)
Beginning Retained Earnings	1,400,495	1,683,063	22,526	3,106,084
Retained Earnings at End of Year	\$ 1,612,397	1,018,487	23,746	\$ 2,654,630

See Accompanying Notes to the General Purpose Financial Statements

Warren City School District
Combined Statement of Changes in Cash Flows
All Proprietary Fund Types and Non-Expendable Trust Funds
Year Ended June 30, 2000

	Proprietary Fund Types			Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
Cash Flows from Operating Activities				
Operating Loss	\$ (1,518,851)	(676,350)	0	\$ (2,195,201)
Adjustment to Reconcile Operating Loss				
To Net Cash used in Operating Activities:				
Depreciation	20,266	992	0	21,258
Net (Increase) Decrease in Assets:				
Due from Other Governments	(29,168)	0	0	(29,168)
Accounts Receivable	(54,052)	324,582	0	270,530
Inventory	6,592	(8,806)	0	(2,214)
Prepaid Expense	62	0	0	62
Net Increases (Decreases) in Liabilities:				
Due to Other Funds	37,719	0	0	37,719
Due to Other Governments	3	0	0	3
Accounts Payable	(3,427)	(47,548)	0	(50,975)
Claims Payable	0	63,000	0	63,000
Accrued Wages and Benefits	(15,936)	0	0	(15,936)
Deferred Revenue	(1,167)	0	0	(1,167)
Compensated Absences	(9,598)	0	0	(9,598)
Total Adjustments	(48,706)	332,220	0	283,514
Net Cash Used in Operating Activities	(1,567,557)	(344,130)	0	(1,911,687)
Cash Flows from Noncapital Activities:				
Earnings on Investments	33,463	5,317	1,218	39,998
Operating Grants from State Sources	112,910	0	0	112,910
Operating Grants from Federal Sources	1,572,143	0	0	1,572,143
Other Net	12,296	6,457	2	18,755
Net Cash Provided by Noncapital Financing Sources	1,730,812	11,774	1,220	1,743,806
Cash Flows from Capital Financing Sources:				
Acquisition of Assets	(49,446)	0	0	(49,446)
Loss on Disposal of Capital Assets	59	0	0	59
Net Cash Provided by Capital Financing Sources	(49,387)	0	0	(49,387)
Net Increase in Cash & Cash Equivalents	113,868	(332,356)	1,220	(217,268)
Cash and Cash Equivalents at Beginning of Year	835,532	1,261,240	22,526	2,119,298
Cash and Cash Equivalents at End of Year	<u>\$ 949,400</u>	<u>928,884</u>	<u>23,746</u>	<u>\$ 1,902,030</u>
See Accompanying Notes to General Purpose Financial Statements				

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies

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

A. Reporting Entity

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

Average daily membership (ADM) as of October 1, 1999, was 7,217. The District employed 605 certified employees and 374 non-certificated employees.

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

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

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

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

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

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

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

B. Fund Accounting

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

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

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

Governmental Fund Types

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

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

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

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

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

Proprietary Fund Types

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

Fiduciary Fund Types

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

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

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

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

Account Groups

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

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

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

C. Measurement Focus/Basis of Accounting

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

1. Only current assets and current liabilities are generally included on their balance sheets.
2. Operating statements present increases (revenues and other financing sources) and decreases (expenditures and other financing uses) in net current assets.
3. Revenues are recognized when they become both measurable and available to finance expenditures for the current period, which for the District is 60 days after year end.
 - a. Revenue accrued at the end of the year may include book fines, fees, interest and tuition.
 - b. Property taxes measurable as of June 30, 2000 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2001 operations, have been recorded as deferred revenues.
4. Expenditures are recognized in the period in which the fund liability is incurred with the following exceptions: general long term obligation principal and interest are reported only when due; the current costs of accumulated unpaid vacation and sick leave are reported in the period in which they will be liquidated with available financial resources rather than in the period earned by employees.

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

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

D. Budget and Budgetary Accounting

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

1. A Tax Budget of estimated cash receipts and disbursements is submitted to the County Auditor, as secretary of the County Budget Commission, by January 20 of each year, for the fiscal year commencing the following July 1st. The Board of Education normally adopts the Tax Budget at its regular board meeting in January.
2. The County Budget Commission certifies its actions to the District by March 1st. As part of this certification, the District receives the Official Certificate of Estimated Resources which states the projected receipts of each fund. During the month of July, this certificate is amended to include any unencumbered balances from the preceding fiscal year.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

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

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

E. Cash and Investments

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

Investments are reported at cost except for investments in STAR Ohio which are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 2000.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

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.

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

For the District, all investment earnings accrue to the General Fund, Special Revenue Funds, Permanent Improvements Funds, Internal Service Funds, and Non-Expendable Trust Funds as authorized by board resolution. Interest income earned in fiscal year 2000 totaled \$1,062,812 for the General Fund, \$8,335 for the Special Revenue Funds, \$2,000 for the Permanent Improvement Funds, \$33,463 for the Enterprise Funds, \$5,317 for the Internal Service Funds, and \$1,218 for the Non-Expendable Trust Funds.

F. Taxes Receivable

The financial statements reflect taxes receivable as of June 30, 2000. GAAP permits the recognition of revenue from any property tax assessment in the fiscal period levied, provided the funds are "available." "Available" means then due, or past due and receivable within the current period or expected to be collected soon thereafter. While these taxes have been assessed, the majority are not due at June 30, 2000 and accordingly have been recorded as deferred revenue in the accompanying financial statements. Taxes that become delinquent remain recorded in deferred revenue until they are determined to be uncollectible.

G. Inventories

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

H. Prepaid Items

Payments made to vendors for services that will benefit periods beyond June 30, 2000 are recorded as prepaid items by using the consumption method. A current asset for the prepaid amount is recorded at the time of the purchase and an expenditure is reported in the year in which services are consumed. Some examples of prepaid items are: equipment maintenance agreements, vehicle insurance, liability insurance, and building and contents insurance.

WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY

NOTES TO THE GENERAL PURPOSE FINANCIAL STATEMENTS
JUNE 30, 2000
(Continued)

Note 1. Summary of Significant Accounting Policies (continued)

I. Fixed Assets

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

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

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

J. Intergovernmental Revenues

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

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

Entitlements:

General Fund

State Foundation Program
School Bus Funding

Special Revenue Funds

Educational Management Information Systems

Reimbursable Grants:

Special Revenue Funds

Auxiliary Services Program

Non-Reimbursable Grants:

Special Revenue Funds

Adolescent Pregnancy Prevention
Adult Basic Education
DPIA
Drug Free Schools
Eisenhower Math/Science

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

Non-Reimbursable Grants:

Special Revenue Funds

Goals 2000
JTPA, Title IIB
School Security
Title I
Title VI
Title VI-B
Title VI-R
Urban Pilot Project
Venture Capital
Ohio Reads

Capital Projects

SchoolNet Plus

Reimbursable Grants:

General Fund

Driver Education Reimbursement
Community Alternative Funding System

Proprietary Funds

National School Lunch Program
Government Donated Commodities

K. Short-Term Interfund Receivables/Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" or "due to other funds." Short-term interfund loans are classified as "interfund receivables/payables." At June 30, 2000, the District had \$823,022 in "Due to Other Funds" and \$159,673 in "Interfund Receivables/Payables."

L. Advances to Other Funds

Non-current portions of long-term interfund loan receivables are reported as advances and are offset equally by a fund balance reserve account which indicated that they do not constitute expendable available financial resources and therefore are not available for appropriation. At June 30, 2000 the District had no long-term interfund loans.

M. Compensated Absences

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

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

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

N. Contributed Capital

Contributed capital is recorded in proprietary funds that have received capital grants or contributions from developers, customers or other funds. The assets are recorded at their fair market value on the date contributed. Depreciation on those assets acquired or constructed with contributed resources is expended and closed to unreserved retained earnings at year end. Reserves represent those portions of fund equity not appropriable for expenditure or legally segregated for a specific future use. Designated fund balances represent tentative plans for future use of financial resources. At June 30, 2000, the District had no contributed capital.

O. Long-Term Obligations

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

P. Interfund Transactions

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 1. Summary of Significant Accounting Policies (continued)

Q. Fund Balance Reserves

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

R. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents set aside to establish a budget stabilization reserve. This reserve is required by state law and can be used only after a two-thirds vote of the board of education and receiving approval from the State Superintendent of Public Instruction for the replenishment of the reserve. A related fund balance reserve has also been established.

S. Estimates

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

T. Memorandum Only - Total Columns

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 2. Budgetary Basis of Accounting

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

Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types					
	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ 3,215,204	1,378,379	0	(1,186,724)	\$ 16,117
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenues	(188,817)	(275,986)	0	0	(15,487)
Due to Expenditures:					
Net Adjustments to Expenditures	(2,541,004)	(832,706)	0	(1,702,791)	(810)
Due to Other Sources/Uses	(89,398)	88,378	0	0	(113)
Budget Basis	<u>\$ 395,985</u>	<u>358,065</u>	<u>0</u>	<u>(2,889,515)</u>	<u>\$ (293)</u>

Note 3. Accountability and Compliance

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

Note 4. Cash and Investments

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

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

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

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 4. Cash and Investments (continued)

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

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

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

Deposits: At fiscal year end, the carrying amount of the District's deposits was \$(540,497) and the bank balance was \$16,003. All of the bank balance was covered by Federal Depository Insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 4. Cash and Investments (continued)

State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

Investments: GASB Statement No. 3, entitled *Deposits with Financial Institutions, Investments (including Repurchase Agreements), and Reverse Repurchase Agreements* requires the District's investments to be categorized to give an indication of the level of risk assumed by the District at fiscal year end. Category 1 includes investments that are insured or registered or for which the securities are held by the District or its agent in the District's name. Category 2 includes uninsured and unregistered investments for which are held by the counter party's trust department or agent in the District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counter party, or by its trust department or agent but not in the District's name. The District's investments in STAR Ohio, an investment pool operated by the Ohio State Treasurer, are unclassified investments since they are not evidenced by securities that exist in physical or book entry form.

	Category			Carrying Value	Fair Value
	1	2	3		
Repurchase Agreements	\$ 0	\$ 0	\$ 1,716,361	\$ 17,163,691	\$ 17,163,691
STAR Ohio				3,969,523	3,969,523
Total Investments				<u>\$ 21,133,214</u>	<u>\$ 21,133,214</u>

The classification of cash and cash equivalents and investments on the combined financial statements is based on criteria set forth in GASB Statement No. 9 entitled *Reporting Cash Flows of Proprietary and Non-Expendable Trust Funds and Governmental Entities That Use Proprietary Fund Accounting*.

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

	Cash and Cash Equivalents	Investments
GASB Statement No. 9	\$ 20,597,687	\$ 0
Investments:		
Repurchase Agreements	(17,163,691)	\$ 17,163,691
STAR Ohio	(3,969,523)	3,969,523
Total	(535,527)	21,133,214
Cash on Hand	(4,970)	0
GASB Statement No. 3	<u>\$ (540,497)</u>	<u>\$ 21,133,214</u>

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 5. Property Tax

Property taxes are levied, assessed and collected on a calendar year basis. They include amounts levied against all real, public utility, and tangible personal property located in the District. Taxes collected on real property (other than public utility) in one calendar year are levied in the preceding calendar year on assessed values as of January 1 of that preceding year, the lien date. Assessed values are established by the Trumbull County Auditor at 35% of appraised market value. All property is required to be revalued every six years. The last evaluation for the District was completed in 1996. The next revaluation is scheduled for 2000. Real property taxes are payable annually or semi-annually. If paid annually, payment is due in February. If paid semi-annually, the first payment is due in February, with the remainder payable in July.

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

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

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

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

The full tax rate at the fiscal year ended June 30, 2000 for operations was \$51.94 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 2000 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$ 87,329,370
Real Property-Residential/Agricultural	203,714,090
Real Property-Public Utilities	95,600
Personal Property-General	116,517,389
Personal Property-Public Utilities	<u>33,123,620</u>
Total Assessed Value	<u><u>\$ 440,780,069</u></u>

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 6. Receivables

Receivables at June 30, 2000 consisted of taxes, accounts (miscellaneous), and intergovernmental grants and entitlements. All receivables are considered collectible in full due to the ability to foreclose for the nonpayment of taxes, the stable condition of State programs, and the current guarantee of Federal funds.

A summary of the principal items of Intergovernmental Receivables follows:

General Fund:	
Excess Cost	\$ 155,826
State Driver Education Reimbursement	3,300
US Department of Education - Impact Aid	243
CAFS Reimbursement	44,738
Total General Fund	\$ 204,107
Special Revenue Funds:	
Summer Intervention Program	136,385
GED Program	8,450
Title VI B	75,000
Title VI B Flow Through	84,349
Title VI	200,000
Able Jobs Federal Expansion	2,980
Total Special Revenue Funds	\$ 507,164
Enterprise Funds:	
Food Service	201,407
Adult Education	27,378
Total Enterprise Fund	\$ 228,785
Grand Total	\$ 940,056

Note 7. Fixed Assets

The following is a summary of the proprietary funds property, plant and equipment at June 30, 2000:

Furniture and Equipment	\$ 819,620
Less Accumulated Depreciation	(381,722)
Net Fixed Assets	\$ 437,898

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 7. Fixed Assets (continued)

The following is a summary of changes in the General Fixed Assets Account Group during the fiscal year 2000:

	General Fixed Assets June 30, 1999	Additions	Deletions	General Fixed Assets June 30, 2000
Land and Improvements	\$ 443,364	0	0	\$ 443,364
Buildings	15,355,369	0	0	15,355,369
Furniture and Equipment	15,136,717	985,993	136,989	15,985,721
Vehicles	2,088,384	176,792	99,325	2,165,851
Construction in Progress	0	239,265	0	239,265
Total General Fixed Assets	\$ 33,023,834	1,402,050	236,314	\$ 34,189,570

Note 8. 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 public employee retirement system administered by the School Employees Retirement Board. SERS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Benefits are established by Chapter 3309 of the Ohio Revised Code. SERS issues a publicly available financial report that includes financial statements and required supplementary information for SERS. The report may be obtained by writing to the School Employees Retirement System, 45 North Fourth Street, Columbus, Ohio 43215-3634.

Plan members are required to contribute 9 percent of their annual covered salary and the District is required to contribute at an actuarially determined rate. The current District rate is 14 percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to a statutory maximum amount, by the SERS' Retirement Board. The District's contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$1,146,200, \$1,136,154 and \$1,078,245, respectively; 48 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$596,129 representing the unpaid contribution for fiscal year 2000, including the surcharge, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 8. Defined Benefit Pension Plans (continued)

information for STRS. The report may be obtained by writing to the State Teachers Retirement System, 275 East Broad Street, Columbus, Ohio 43215-3771.

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$3,523,092, \$3,268,584 and \$2,979,264, respectively; 83 percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$596,952 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds.

C. Social Security

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

Note 9. Postemployment Benefits

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

All STRS benefit recipients and sponsored dependents are eligible for health care coverage. The STRS Board has statutory authority over how much, if any, of the health care 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 law, the cost of coverage paid from STRS funds is included in the employer contribution rate, currently 14 percent of covered payroll. For the fiscal year ended June 30, 1999, the STRS Board allocated employer contributions equal to 8 percent of covered payroll to the Health Care Reserve Fund. For the District, this amount equaled \$2,013,195 for fiscal year 2000. STRS pays health care benefits from the Health Care Reserve Fund. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). For the year ended June 30, 1999, net health care costs paid by STRS were \$249,929,000 and STRS had 95,796 eligible benefit recipients.

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

For the fiscal year ended June 30, 1999, employer contributions to fund health care benefits were 8.5 percent of covered payroll, an increase of 2.2 percent from fiscal year 1999. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 9. Postemployment Benefits (continued)

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 rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$856,181 during the 2000 fiscal year.

The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (the latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the Retirement System's net assets available for payment of health care benefits was \$188.0 million. The number of participants currently receiving health care benefits is approximately 51,000.

Note 10. Compensated Absences

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

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

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

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

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

Note 11. Risk Management

A. General Risk

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, errors and omissions, injuries to employees and natural disasters. The District has addressed

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 11. Risk Management (continued)

these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability insurance is maintained in the amount of \$2,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, The District maintains a \$2,000,000 umbrella liability policy.

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

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

The intent of the GRP is to achieve the benefit of a reduced premium for the District by virtue of this grouping and representation with other participants in the GRP. The workers' compensation experience for the participating school districts is calculated as one experience and a common premium rate is applied to all school districts in the GRP. Each participant pays its workers' compensation premium to the State based on the rate for GRP rather than its individual rate. Total savings are then calculated and each participant's individual performance is compared to the overall savings percentage of the GRP. A participant will either receive money from or be required to contribute to the "Equity Pooling Fund." This "equity pooling" arrangement insures that each participant shares equally in the overall performance of the GRP. Participation in the GRP is limited to school districts that can meet the GRP's selection criteria. The firm of Gates, McDonald & Company provides administrative, cost control and actuarial services to the GRP.

B. Health Insurance

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

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

Expenses for claims are recorded as other expenses when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Because actual claims liabilities depend on such complex factors as inflation, changes in legal doctrines, and damage awards, the process used in computing claims liability does not necessarily result in an exact amount. Claims liabilities are re-evaluated periodically to take into consideration recently settled claims, the frequency of claims, and other economic and social factors. Liabilities for incurred losses to be settled by fixed or reasonably determinable payments over a long period of time are reported at their present value using expected future investment assumptions as determined by the third party administrator. These liabilities are reported at their present value of \$501,000 at June 30, 2000. A summary of changes in self-insurance claims for the current and two preceding years follows:

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 11. Risk Management (continued)

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
1998	454,020	2,228,189	(2,267,209)	415,000
1999	415,000	2,266,003	(2,243,003)	438,000
2000	438,000	2,947,370	(2,884,370)	501,000

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

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

General Fund	\$ 3,163,010
Special Revenue Funds	780,483
Enterprise Funds	<u>164,312</u>
Total Contributions	<u><u>\$ 4,107,805</u></u>

Note 12. General Long-Term Debt

A summary of changes in long-term obligations for the year ended June 30, 2000, are as follows:

	July 1, 1999	Additions	Deletions	June 30, 2000
Intergovernmental Payable	\$ 412,879	415,505	412,879	\$ 415,505
Lease Obligation	9,312	0	9,312	0
Asbestos Assistance	98,534	0	18,198	80,336
Early Retirement Incentive	313,641	0	313,641	0
Compensated Absences Payable*	2,677,765	243,774	0	2,921,539
	<u>\$ 3,512,131</u>	<u>659,279</u>	<u>754,030</u>	<u>\$ 3,417,380</u>

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

The Ohio Revised Code (ORC) provides that the net debt of a school district, whether or not approved by the people, shall not exceed 9.0% of the total value of all property in the District as listed and assessed for taxation. In addition, the unvoted net debt of a school district cannot exceed .1% of the total assessed value of property. The District has no unvoted debt, the District's unvoted debt margin is \$440,780. The voted debt margin at June 30, 2000 is \$39,670,206.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 12. General Long-Term Debt (continued)

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

	Payment
FY 2001	\$ 18,198
FY 2002	18,198
FY 2003 & Thereafter	43,940
	<u>\$ 80,336</u>

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

Note 13. Interfund Transactions

At June 30, 2000, the District had short-term interfund loans which are classified as "interfund receivables/payables." Receivables and payables resulting from goods provided or services rendered are classified as "due from/to other funds." An analysis of interfund balances is as follows:

Interfund Receivables/Payables:

	Receivables	Payables
General Fund	\$ 159,673	\$ 0
Special Revenue	0	88,555
Expendable Trust	0	953
Agency Fund	0	70,165
	<u>\$ 159,673</u>	<u>\$ 159,673</u>

Due From/To Other Funds:

	Due To	Due From
Agency Fund	\$ 823,022	\$ 0
General Fund	0	584,737
Special Revenue Fund	0	158,346
Enterprise Fund	0	79,939
	<u>\$ 823,022</u>	<u>\$ 823,022</u>

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 14. Segments of Enterprise Activities

Key financial data for the District's Enterprise Funds for the year ended June 30, 2000, are as follows:

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education	U.S. Swim	Special Enterprise	Total
Operating Revenues	\$ 401,621	40,761	353,773	5,188	0	\$ 801,343
Operating Expenses:	1,783,280	39,832	470,673	5,188	955	2,299,928
Depreciation	14,293	409	5,509	0	55	20,266
Total Operating Expenses	<u>1,797,573</u>	<u>40,241</u>	<u>476,182</u>	<u>5,188</u>	<u>1,010</u>	<u>2,320,194</u>
Operating Income (loss)	(1,395,952)	520	(122,409)	0	(1,010)	(1,518,851)
Non Operating Revenues and Expenses:						
Operating Grants	1,522,759	0	162,294	0	0	1,685,053
Other Net	<u>39,594</u>	<u>5,806</u>	<u>300</u>	<u>0</u>	<u>0</u>	<u>45,700</u>
Net Income (loss)	<u>166,401</u>	<u>6,326</u>	<u>40,185</u>	<u>0</u>	<u>(1,010)</u>	<u>211,902</u>
Net Working Capital	<u>816,990</u>	<u>98,178</u>	<u>267,775</u>	<u>1,379</u>	<u>2,171</u>	<u>1,186,493</u>
Total Assets	<u>1,388,369</u>	<u>104,634</u>	<u>308,723</u>	<u>1,379</u>	<u>2,470</u>	<u>1,805,575</u>
Total Fund Equity	<u>\$1,199,873</u>	<u>103,627</u>	<u>305,048</u>	<u>1,379</u>	<u>2,470</u>	<u>\$ 1,612,397</u>

Note 15. Jointly Governed Organizations

TRUMBULL COUNTY JOINT VOCATIONAL SCHOOL - The Trumbull County Joint Vocational School is a distinct political subdivision of the State of Ohio operated under the direction of a Board consisting of one representative from each of the fifteen participating school districts' elected boards, which possesses its own budgeting and taxing authority. Financial information can be obtained by contacting the Treasurer at 528 Educational Highway, Warren, Ohio 44483.

NORTHEAST OHIO MANAGEMENT INFORMATION NETWORK- (NEOMIN) is a jointly governed organization among thirty school districts in Trumbull and Ashtabula Counties. The jointly governed organization was formed for the purpose of applying modern technology with the aid of computers and other electronic equipment to administrative and instructional functions among member districts. Each of the districts support NEOMIN based upon a per pupil charge. The District contributed \$86,928 to NEOMIN for fiscal year 2000.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 15. Jointly Governed Organizations (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 districts, and a treasurer from each county. The 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. A complete set of separate financial statements may be obtained from the Trumbull County Educational Service Center, 347 North Park Avenue, Warren, Ohio 44481.

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

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

Note 16. Contingencies

A. Grants

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

B. Litigation

The District is not a party to any legal proceedings seeking damages or injunctive relief generally incidental to its operations and pending at June 30, 2000.

Note 17. 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 Ohio General Assembly to design a plan to remedy the perceived defects in that system. Declared unconstitutional was the State's "school foundation program," which provides significant amounts of monetary support to this District. During the fiscal year ended June 30, 2000, the District received \$23,170,801 of school foundation support for its general fund.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 17. School Funding Decision (continued)

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 this program and on its financial operations.

Note 18. Statutory Reserves

The District is required by state law to set aside certain general fund revenue amounts, as defined, into various reserves. During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/1999	\$ 0	\$ 0	\$ 246,296	\$ 246,296
Required Set Aside	985,936	985,936	328,646	2,300,518
Offset Credits	0	0	(246,296)	(246,296)
Qualifying Expenditures	(1,017,721)	(1,064,000)	0	(2,081,721)
Balance, 6/30/2000	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 328,646</u>	<u>\$ 328,646</u>

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Note 19. Fund Deficits

The following fund had a deficit balance at June 30, 2000:

D.P.I.A.	\$ (143,417)
----------	--------------

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

Note 20. Prior Period Restatement

For the fiscal year ended June 30, 2000, the General Fixed Asset Account Group has been restated. Corrections and adjustments had a net effect of a change in the fixed assets of \$7,923, from \$33,015,911 to \$33,023,834.

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

Federal Grantor <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements
U.S. DEPARTMENT OF AGRICULTURE					
<i>Passed Through Ohio Department of Education</i>					
Nutrition Cluster:					
Food Distribution Program		10.550		\$138,305	
School Breakfast Program	05-PU-99/00	10.553	226,989		226,989
National School Lunch Program	03/04-PU-99/00	10.555	997,323		997,323
Summer Food Service Program	23/24-ML-AD-99	10.556	32,189		38,384
Total U.S. Department of Agriculture - Nutrition Cluster			1,256,501	138,305	1,262,696
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT					
<i>Passed Through the City of Warren, Ohio</i>					
Community Development Block Grant		14.218	22,000		17,714
Total Department of Housing and Urban Development			22,000		17,714
NATIONAL FOUNDATION ON THE ARTS AND HUMANITIES					
<i>Passed Through the State Library of Ohio</i>					
State Library Program	II34-E-2-98/I-20	45.310	9,920		14,611
Total National Foundation on the Arts and Humanities			9,920		14,611
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Special Education Cluster:					
Special Education Grants to States (IDEA Part B)	6B-SF-00P 6B-SF-99P	84.027	510,838 50,000		419,360 250,301
Total Special Education Cluster			560,838		669,661
Adult Education- State Grant Program	AB-S1-00 AB-S1-98C AB-S1-99	84.002	75,000		75,000 4,179 6,446
			75,000		85,625
Grants to Local Educational Agencies (ESEA Title I)	C1-SD-00 C1-SD-99C C1-S1-00 C1-S1-99 C1-S1-99C C1-SD-99	84.010	52,731 2,528 2,063,871 180,000 212,005		36,657 5,769 1,660,194 444,181 261,902 14,614
			2,511,135		2,423,317

WARREN CITY SCHOOL DISTRICT

TRUMBULL COUNTY

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

Federal Grantor <i>Pass Through Grantor</i> Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements
U.S. DEPARTMENT OF EDUCATION					
<i>Passed Through Ohio Department of Education</i>					
Drug-Free Schools Grant	DR-S1-00 DR-S1-99	84.186	78,153		63,567 19,124
			<u>78,153</u>		<u>82,691</u>
Goals 2000	G2-S8-00 G2-S1-00 G2-A2-00 G2-S1-99P G2-S2-98C G2-S2-99	84.276	3,000 66,375 5,000 48,068 40,000		127 7,930 350 23,217 128,577 22,604
			<u>162,443</u>		<u>182,805</u>
Eisenhower Professional Development Grants	MS-S1-99C MS-S1-99 MS-S1-00	84.281	5,497		4,036 19,808
			<u>42,584</u>		<u>29,652</u>
			48,081		53,496
Innovative Education Program Strategies	C2-S1-00 C2-S1-99C C2-S1-99	84.298	53,756 16,855 2,384		38,622 10,640 14,048
			<u>72,995</u>		<u>63,310</u>
Technology Literacy Challenge Fund	TF-14-00P TF-15-00P TF-S1-99P	84.318	37,500 25,000		37,500
			<u>62,500</u>		<u>60,124</u> 97,624
Class Size Reduction	CR-S1-00	84.340	223,527		146,463
Reading Excellence	RN-S1-00	84.338	56,792		
<i>Direct Federal Program</i>					
Impact Aid		84.041	4,962		4,962
Total Department of Education			<u>3,856,426</u>		<u>3,809,954</u>
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES					
<i>Passed Through Ohio Department of Mental Retardation and Developmental Disabilities</i>					
Medical Assistance Program (CAFS)		93.778	289,688		289,688
Total Department of Health and Human Services			<u>289,688</u>		<u>289,688</u>
TOTAL RECEIPTS AND EXPENDITURES OF FEDERAL AWARDS			<u><u>\$5,434,535</u></u>	<u><u>\$138,305</u></u>	<u><u>\$5,394,663</u></u>

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

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

**NOTES TO SCHEDULE OF FEDERAL AWARDS RECEIPTS AND EXPENDITURES
JUNE 30, 2000**

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

The accompanying Schedule of Federal Awards Receipts and 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 food commodities valued at \$67,529 in inventory.

NOTE C - MATCHING REQUIREMENTS

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



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

Warren City School District
Trumbull County
261 Monroe St., NW
Warren, Ohio 44483

To the Board of Education:

We have audited the financial statements of Warren City School District as of and for the year ended June 30, 2000, and have issued our report thereon dated December 22, 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 Warren City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Warren City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2000.

Warren 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, Board of Education, and federal awarding agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

Jim Petro
Auditor of State

December 22, 2000



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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

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

Warren City School District
Trumbull County
261 Monroe St., NW
Warren, Ohio 44483

To the Board of Education:

Compliance

We have audited the compliance of the Warren 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 each of 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 each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of 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. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated December 22, 2000.

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

Jim Petro
Auditor of State

December 22, 2000

**WARREN CITY SCHOOL DISTRICT
TRUMBULL COUNTY**

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

1. SUMMARY OF AUDITOR'S RESULTS

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	Yes
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	CFDA 84.010 Title I CFDA 93.778 Medicaid (CAFS)
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: all others
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

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

FINDING NUMBER 2000-11178-001

Finding for Recovery - Repaid While Under Audit

Article XXIV of the agreement between the Warren City School District Board of Education and the International Union of Operating Engineers Local 18S effective for the time period July 1, 1997 through June 30, 2001, states the required calculation of an employee's severance payment at the time of retirement. The agreement calls for one-fourth of the first 120 hours of accrued/unused sick leave and one-eighth of the remaining hours in excess of the 120 hours to be paid, based on the per diem rate of the employee.

Coralee Fowlis at the time of severance, had a sick-leave balance of 120.25 hours. Based on the criteria above, she would be entitled to 30 hours for the first 120 hours ($120 \times 0.25 = 30$) and 0.03 hours based on the .25 hours ($0.25 \times 0.13 = 0.03$) for a total of 30.03 hours times her daily per diem of \$56.29, which equals a pay out for sick leave severance of \$1690.39. The District miscalculated the allowable hours based on the policy and paid Coralee Fowlis 41.33 hours at her daily per diem of \$56.29, for a payment of \$2326.47, which amounted to an overpayment of \$636.08 ($\$2326.47 - \$1690.39 = \636.08).

In accordance with the foregoing facts, and pursuant to **Ohio Revised Code § 117.28**, a finding for recovery for public monies is issued against Coralee Fowlis, and in favor of Warren City School District, in the amount of \$636.08.

The overpayment of \$636.08 was repaid by Coralee Fowlis on October 10, 2000.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

Finding Number	
N/A	None



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

88 East Broad Street
P.O. Box 1140
Columbus, Ohio 43216-1140

Telephone 614-466-4514
800-282-0370

Facsimile 614-466-4490

WARREN CITY SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
JANUARY 16, 2001**