

**WARREN CITY SCHOOL DISTRICT  
TRUMBULL COUNTY**

**SINGLE AUDIT**

**FOR THE YEAR ENDED JUNE 30, 1999**

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Warren City School District

List of Principal Officials

June 30, 1999

BOARD OF EDUCATION	
Mr. Robert L. Faulkner, Sr . . . . .	President
Mrs. Linda H. Metzendorf . . . . .	Vice President
Dr. Robert N. Angelo . . . . .	Member
Mr. Nick Frankos, Sr . . . . .	Member
Mrs. Lynn Gibson . . . . .	Member

ADMINISTRATION	
Mrs. Jane McGee Rafal . . . . .	Superintendent
Mr. L. Greg Slemons, CPA . . . . .	Treasurer/Chief of Business Operations



STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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REPORT OF INDEPENDENT ACCOUNTANTS

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

To the Board of Education:

We have audited the accompanying general-purpose financial statements of the Warren City School District, Trumbull County, (the Government) as of and for the year ended June 30, 1999, as listed in the table of contents. These general-purpose financial statements are the responsibility of the Government'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, 1999, and the results of its operations and the cash flows of its proprietary fund types and nonexpendable trust funds for the year then ended in conformity with generally accepted accounting principles.

In accordance with *Government Auditing Standards*, we have also issued our report dated December 21, 1999 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.

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 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 21, 1999

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

	Governmental Fund Types			Proprietary Fund Types			Fiduciary Fund Types			Account Groups			Totals
	General	Special Revenue	Capital Project	Enterprise	Internal Service	Trust and Agency	General Fixed Assets	Long Term Debt	General	Long Term Debt	General	Long Term Debt	Totals 1999 (Memorandum) (Only)
Equity in Pooled Cash and Investments	10,125,199	1,743,465	3,152,424	835,532	1,261,240	578,250	0	0	0	0	0	0	17,696,110
Restricted Cash and Cash Equivalents	246,296	0	0	0	0	0	0	0	0	0	0	0	246,296
Taxes Receivable	20,383,352	0	0	0	0	0	0	0	0	0	0	0	20,383,352
Interfund Receivables	63,999	0	0	0	0	0	0	0	0	0	0	0	63,999
Due from Other Funds	0	0	0	0	0	767,170	0	0	0	0	0	0	767,170
Intergovernmental Receivables	51,704	234,612	0	199,617	0	0	0	0	0	0	0	0	485,933
Accounts Receivable	35,639	6,727	0	62,965	699,981	109	0	0	0	0	0	0	805,421
Supplies Inventory	0	0	0	9,492	0	0	0	0	0	0	0	0	9,492
Inventory for Resale	0	0	0	81,495	209,518	0	0	0	0	0	0	0	291,013
Prepaid Expenses	13,752	784	0	136	0	0	0	0	0	0	0	0	14,672
Property, Plant & Equipment	0	0	0	755,559	14,880	0	33,015,911	0	0	0	0	0	33,786,350
Accumulated Depreciation, where applicable	0	0	0	(358,717)	(1,894)	0	0	0	0	0	0	0	(360,611)
Amount to be Provided for Retirement of General Long Term Debt	0	0	0	0	0	0	0	0	0	0	0	0	3,512,131
<b>Total Assets and Other Debits</b>	<b>\$ 30,919,941</b>	<b>(985,588)</b>	<b>3,152,424</b>	<b>1,586,079</b>	<b>2,183,725</b>	<b>1,345,229</b>	<b>33,015,911</b>	<b>3,512,131</b>	<b>\$</b>	<b>3,512,131</b>	<b>\$</b>	<b>77,701,328</b>	

(Continued)

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

	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	General	Fixed Assets	Long Term Debt	General	Memorandum
<b>Liabilities:</b>														
Interfund Payables	\$ 0	2,500	0	0	0	0	0	0	0	0	0	0	0	63,999
Due to Other Funds	573,779	151,171	0	42,220	0	0	0	0	0	0	0	0	0	767,170
Intergovernmental Payable	18,425	4,724	0	38	0	1,178,577	0	412,879	0	0	0	0	0	1,614,643
Accounts Payable	979,436	461,455	230,589	6,634	62,662	24,107	0	0	0	0	0	0	0	1,764,883
Claims Payable	0	0	0	0	438,000	0	0	0	0	0	0	0	0	438,000
Leases Payable	0	0	0	0	0	0	0	0	0	0	0	0	0	9,312
Accrued Salaries and Benefits	3,831,260	948,418	0	42,492	0	0	0	0	0	0	0	0	0	4,822,170
Deferred Revenue	20,313,020	0	0	68,696	0	0	0	0	0	0	0	0	0	20,381,716
Due to Others	0	0	0	0	0	0	0	0	0	0	0	0	0	24,585
Asbestos Abatement Note	0	0	0	0	0	0	0	0	0	0	0	0	0	98,534
Early Retirement Incentive	0	0	0	0	0	0	0	0	0	0	0	0	0	313,641
Compensated Absences Payable	142,582	20,823	0	25,504	0	0	0	0	0	0	0	0	0	2,677,765
<b>Total Liabilities</b>	25,858,502	1,589,091	230,589	185,584	500,662	1,288,768	0	3,512,131	0	0	0	0	0	33,165,327
<b>Fund Equity and Other Credits:</b>														
Investment in General Fixed Assets	0	0	0	0	0	0	0	0	0	0	0	0	0	33,015,911
Retained Earnings	0	0	0	1,400,495	1,683,063	22,526	0	0	0	0	0	0	0	3,106,084
<b>Fund Balances:</b>														
Reserved for Budget Stabilization	246,296	0	0	0	0	0	0	0	0	0	0	0	0	246,296
Reserved for Encumbrances	886,285	166,409	639,911	0	0	575	0	0	0	0	0	0	0	1,693,180
Reserved for Property Tax	70,332	0	0	0	0	0	0	0	0	0	0	0	0	70,332
Unreserved Fund Balance	3,858,526	230,088	2,281,924	0	0	33,660	0	0	0	0	0	0	0	6,404,198
<b>Total Fund Equity</b>	5,061,439	396,497	2,921,835	0	0	34,235	0	0	0	0	0	0	0	8,414,006
<b>Total Fund Balances/Retained Earnings and Other Credits</b>	5,061,439	396,497	2,921,835	1,400,495	1,683,063	56,761	33,015,911	0	0	0	0	0	0	44,536,001
<b>Total Liabilities, Fund Equity, and Other Credits</b>	\$ 30,919,041	\$ 1,985,588	\$ 3,152,424	\$ 1,586,079	\$ 2,183,725	\$ 1,345,529	\$ 33,015,911	\$ 3,512,131	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 77,701,328

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, 1999**

	Governmental Fund Types				Fiduciary	Totals
	General	Special Revenue	Debt Service	Capital Projects	Fund Types Expendable Trust	(Memorandum) (Only)
<b>REVENUES:</b>						
Taxes	\$ 18,153,911	801	0	0	0	\$ 18,154,712
Tuition	121,253	0	0	0	0	121,253
Transportation Fees	46,593	0	0	0	0	46,593
Earnings on Investments	910,382	14,800	0	2,660	0	927,842
Extracurricular Activities	0	194,599	0	0	0	194,599
Miscellaneous	168,283	230,923	0	50	27,258	426,514
Revenue from Intermediate Sources						
Restricted Grants-in-Aid	0	0	0	0	11,376	11,376
Revenue from State Sources						
Unrestricted Grants -in-Aid	23,712,666	1,206,330	0	0	0	24,918,996
Restricted Grants-in-Aid	391,024	3,640,201	0	255,048	0	4,286,273
Revenue for/on Behalf of the District	599,045	0	0	0	0	599,045
Revenue from Federal Sources						
Unrestricted Grants-in-Aid	11,878	35,796	0	0	0	47,674
Restricted Grants-in-Aid	0	3,806,917	0	0	0	3,806,917
Revenue in Lieu of Taxes	38,839	0	0	0	0	38,839
Total Revenue	44,153,874	9,130,367	0	257,758	38,634	53,580,633
<b>EXPENDITURES:</b>						
Instruction						
Regular	15,754,503	3,437,473	0	0	8,595	19,200,571
Special	4,944,496	2,351,254	0	0	9,960	7,305,710
Vocational	622,513	1,954	0	0	1,973	626,440
Adult/Continuing/Other Instruction	54,236	174,558	0	0	0	228,794
Supporting Services						
Pupils	1,958,103	974,175	0	0	1,635	2,933,913
Instructional Staff	1,691,381	1,202,789	0	440,194	364	3,334,728
Board of Education	32,317	0	0	0	0	32,317
Administration	3,879,156	224,825	0	0	0	4,103,981
Fiscal Services	771,544	94,742	0	0	0	866,286
Business	474,584	(4,268)	0	0	0	470,316
Operation & Maintenance-Plant	6,125,440	180,866	0	0	344	6,306,650
Pupil Transportation	1,867,277	44,034	0	0	627	1,911,938
Central	655,654	20,330	0	0	0	675,984
Operation of Non-Instructional Services						
Food Services Operations	0	27,364	0	0	0	27,364
Community Services	0	654,975	0	0	0	654,975
Other Operational Non-Instructional Services	0	400	0	0	5,069	5,469
Extracurricular Activities						
Academic & Subject Oriented	50,569	52,691	0	0	0	103,260
Occupation Oriented Activity	2,740	316	0	0	0	3,056
Sports Oriented	367,934	261,863	0	26,009	0	655,806
Co-Curricular Activities	32,590	17,100	0	0	0	49,690
Capital Outlay						
Site Improvements	0	21,002	0	184,985	0	205,987
Building Acquisition & Construction	0	4,358	0	0	0	4,358
Building Improvements	93,766	550	0	521,114	0	615,430
Debt Service						
Repayment of Debt	0	0	18,198	0	0	18,198
Total Expenditures	39,378,803	9,743,351	18,198	1,172,302	28,567	50,341,221
Excess (Deficiency) of Revenues						
Over (Under) Expenditures	4,775,071	(612,984)	(18,198)	(914,544)	10,067	3,239,412
Other Financing Sources and Uses:						
Other Financing Sources						
Gain on Sale of Assets	23,319	0	0	0	0	23,319
Transfers-In	0	197,455	0	1,504,678	6,000	1,708,133
Refund of Prior Year Expenses	17,736	8,527	0	0	0	26,263
Other Financing Uses						
Transfer-Out	(1,652,678)	(55,455)	0	0	0	(1,708,133)
Refund of Prior Year Receipts	0	(119,938)	0	0	0	(119,938)
Pass Through Payments	0	(5,885)	0	0	0	(5,885)
Net Other Financing Sources and Uses	(1,611,623)	24,704	0	1,504,678	6,000	(76,241)
Excess (Deficiency) of Revenues and Other Sources Over Expenditure						
Disbursement and Other Uses	3,163,448	(588,280)	(18,198)	590,134	16,067	3,163,171
Beginning Fund Balance	1,897,991	984,777	18,198	2,331,701	18,168	5,250,835
Ending Fund Balance	\$ 5,061,439	396,497	0	2,921,835	34,235	\$ 8,414,006

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, 1998**

	General Fund			Special Revenue Funds		
	Revised		Variance	Revised		Variance
	Budget	Actual	Favorable (Unfavorable)	Budget	Actual	Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 18,226,269	18,349,655	123,386	850	801	\$ (49)
Tuition	105,000	128,285	23,285	0	0	0
Transportation Fees	35,000	61,854	26,854	0	0	0
Earnings on Investment	725,000	909,759	184,759	11,875	11,875	0
Extracurricular Activities	0	0	0	196,301	194,625	(1,676)
Miscellaneous	110,000	176,766	66,766	233,788	233,806	(1,982)
Intermediate Restricted Grants-in-Aid	0	0	0	0	0	0
State Unrestricted Grants-in-Aid	24,064,024	23,717,912	(346,112)	1,206,330	1,206,330	0
State Restricted Grants-in-Aid	418,000	381,659	(36,341)	3,678,784	3,617,124	(61,660)
Revenue for/on Behalf of District	590,012	599,045	9,033	0	0	0
Federal Unrestricted Grants-in-Aid	8,153	11,878	3,725	70,796	70,796	0
Federal Restricted Grants-in-Aid	0	0	0	3,739,061	3,798,221	59,160
Revenue in Lieu of Taxes	38,838	38,839	1	0	0	0
<b>Total Revenue</b>	<b>44,320,296</b>	<b>44,375,652</b>	<b>55,356</b>	<b>9,139,785</b>	<b>9,133,578</b>	<b>(6,207)</b>
<b>Expenditures:</b>						
Regular Instruction	16,690,066	16,411,314	278,752	3,158,058	2,985,419	172,639
Special Instruction	5,094,423	4,915,908	178,515	2,513,780	2,314,909	198,871
Vocational Instruction	617,076	608,230	8,846	2,823	1,717	1,106
Other/Adult/Continuing Instruction	0	0	0	233,335	197,590	35,745
Other Instruction	81,569	65,133	16,436	0	0	0
Support Services-Pupils	2,102,349	1,944,376	157,973	1,194,487	1,063,979	130,508
Support Services-Instructional Staff	1,927,742	1,711,921	215,821	1,474,066	1,250,660	223,406
Support Services-Board of Education	37,194	32,899	4,295	0	0	0
Support Services-Administration	3,869,907	3,775,239	94,668	432,570	355,420	77,150
Fiscal Services	856,157	845,220	10,937	174,130	153,563	20,567
Support Services-Business	626,821	490,272	136,549	4,132	956	3,176
Operation & Maintenance-Plant	6,899,570	6,504,467	395,103	179,445	175,234	4,211
Support Services-Transportation	2,264,913	2,041,190	223,723	85,985	44,187	41,798
Support Services-Central	680,132	672,111	8,021	51,000	22,330	28,670
Food Services	0	0	0	25,374	24,804	570
Community Services	0	0	0	832,273	749,805	82,468
Other Operational Non-Instructional Services	0	0	0	900	400	500
Academic & Subject Oriented	71,055	64,082	6,973	85,470	53,387	32,083
Occupation Oriented Activities	2,740	2,740	0	1,174	316	858
Sports Oriented Activities	369,394	368,733	661	274,702	266,679	8,023
Co-Curricular Activities	35,033	32,846	2,187	23,158	18,600	4,558
Site Improvement	0	0	0	31,481	22,762	8,719
Building Acquisition & Construction	0	0	0	5,901	4,358	1,543
Building Improvement	100,000	99,666	334	1,404	550	854
Repayment of Debt	0	0	0	0	0	0
<b>Total Expenditures</b>	<b>42,326,141</b>	<b>40,586,347</b>	<b>1,739,794</b>	<b>10,785,648</b>	<b>9,707,623</b>	<b>1,078,023</b>
Excess of Revenue Over (Under) Expenditures	1,994,155	3,789,305	1,795,150	(1,645,863)	(574,047)	1,071,816
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	1,000	23,319	22,319	0	0	0
Transfer-In	0	0	0	192,755	197,455	4,700
Advances-In	71,066	71,066	0	0	2,500	2,500
Refund of Prior Year Expenditures	10,000	10,496	496	5,886	6,804	918
Transfer-Out	(1,662,000)	(1,661,777)	223	(55,455)	(55,455)	0
Advances-Out	(70,000)	(63,999)	6,001	0	(71,066)	(71,066)
Refund of Prior Year Receipts	(2,000)	(51)	1,949	(33,492)	(119,938)	(86,446)
Pass Through Payments	0	0	0	(7,297)	(5,885)	1,412
Other Misc. Use of Funds	(802,898)	0	802,898	0	0	0
<b>Total Other Sources (Uses)</b>	<b>(2,454,832)</b>	<b>(1,620,946)</b>	<b>833,886</b>	<b>102,397</b>	<b>(45,585)</b>	<b>(147,982)</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(460,677)	2,168,359	2,629,036	(1,543,466)	(619,632)	923,834
Beginning Fund Balance	5,558,991	5,558,991	0	1,315,429	1,315,429	0
Prior Year Carry Over Encumbrances	920,776	920,776	0	394,912	394,912	0
<b>Ending Fund Balance</b>	<b>\$ 6,019,090</b>	<b>\$ 8,648,126</b>	<b>\$ 2,629,036</b>	<b>\$ 166,875</b>	<b>\$ 1,090,709</b>	<b>\$ 923,834</b>

(Continued)



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

	Debt Service Funds			Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 3,923	3,923	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	500	2,660	2,160
Extracurricular Activities	0	0	0	0	0	0
Miscellaneous	0	0	0	2,050	50	(2,000)
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	35,448	255,048	219,600
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
<b>Total Revenue</b>	<b>3,923</b>	<b>3,923</b>	<b>0</b>	<b>37,998</b>	<b>257,738</b>	<b>219,760</b>
<b>Expenditures:</b>						
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	365,782	266,547	99,235
Support Services-Board of Education	0	0	0	0	0	0
Support Services-Administration	0	0	0	0	0	0
Fiscal Services	0	0	0	0	0	0
Support Services-Business	0	0	0	0	0	0
Operation & Maintenance-Plant	0	0	0	0	0	0
Support Services-Transportation	0	0	0	0	0	0
Support Services-Central	0	0	0	0	0	0
Food Services	0	0	0	0	0	0
Community Services	0	0	0	0	0	0
Other Operational Non-Instructional Services	0	0	0	0	0	0
Academic & Subject Oriented	0	0	0	0	0	0
Occupation Oriented Activities	0	0	0	0	0	0
Sports Oriented Activities	0	0	0	27,555	26,009	1,546
Co-Curricular Activities	0	0	0	0	0	0
Site Improvements	0	0	0	350,000	340,015	9,985
Building Acquisition & Construction	0	0	0	0	0	0
Building Improvement	0	0	0	1,366,414	1,291,054	75,360
Repayment of Debt	18,198	18,198	0	0	0	0
<b>Total Expenditures</b>	<b>18,198</b>	<b>18,198</b>	<b>0</b>	<b>2,109,751</b>	<b>1,923,625</b>	<b>186,126</b>
Excess of Revenue Over (Under) Expenditures	(14,275)	(14,275)	0	(2,071,753)	(1,665,867)	405,886
<b>Other Financing Sources (Uses):</b>						
Sale & Loss of Assets	0	0	0	0	0	0
Transfer-In	9,099	9,099	0	1,504,838	1,504,678	(160)
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
Other Misc. Use of Funds	0	0	0	0	0	0
<b>Total Other Sources (Uses)</b>	<b>9,099</b>	<b>9,099</b>	<b>0</b>	<b>1,504,838</b>	<b>1,504,678</b>	<b>(160)</b>
<b>Excess of Revenues &amp; Other Financing Sources Over (Under) Expenditures and Other Financing Uses</b>	<b>(5,176)</b>	<b>(5,176)</b>	<b>0</b>	<b>(566,915)</b>	<b>(161,189)</b>	<b>405,726</b>
Beginning Fund Balance	5,176	5,176	0	2,013,909	2,013,909	0
Prior Year Carry Over Encumbrances	0	0	0	429,050	429,050	0
<b>Ending Fund Balance</b>	<b>\$ 0</b>	<b>0</b>	<b>0</b>	<b>1,876,044</b>	<b>2,281,770</b>	<b>\$ 405,726</b>

(Continued)

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

	Expendable Trust Funds			Totals (Memorandum Only)		
	Revised	Actual	Variance	Revised	Actual	Variance
	Budget		Favorable (Unfavorable)	Budget		Favorable (Unfavorable)
<b>Revenues:</b>						
Taxes	\$ 0	0	0	18,231,042	18,354,379	\$ 123,337
Tuition	0	0	0	105,000	128,285	23,285
Transportation Fees	0	0	0	35,000	61,854	26,854
Earnings on Investment	0	0	0	737,375	924,294	186,919
Extracurricular Activities	0	0	0	196,301	194,625	(1,676)
Miscellaneous	29,324	27,258	(2,066)	377,162	437,880	60,718
Intermediate Restricted Grants-in-Aid	11,376	11,376	0	11,376	11,376	0
State Unrestricted Grants-in-Aid	0	0	0	25,270,354	24,924,242	(346,112)
State Restricted Grants-in-Aid	0	0	0	4,132,232	4,034,231	(98,001)
Revenue for/on Behalf of District	0	0	0	590,012	599,045	9,033
Federal Unrestricted Grants-in-Aid	0	0	0	78,949	82,674	3,725
Federal Restricted Grants-in-Aid	0	0	0	3,739,061	3,798,221	59,160
Revenue in Lieu of Taxes	0	0	0	38,838	38,839	1
<b>Total Revenue</b>	<b>40,700</b>	<b>38,634</b>	<b>(2,066)</b>	<b>53,542,702</b>	<b>53,589,945</b>	<b>47,243</b>
<b>Expenditures:</b>						
Regular Instruction	20,401	9,286	11,115	19,868,525	19,406,019	462,506
Special Instruction	10,000	9,960	40	7,618,203	7,240,777	377,426
Vocational Instruction	1,975	1,975	0	621,874	611,922	9,952
Other/Adult/Continuing Instruction	0	0	0	233,335	197,590	35,745
Other Instruction	0	0	0	81,569	65,133	16,436
Support Services-Pupils	4,305	1,635	2,670	3,301,141	3,009,990	291,151
Support Services-Instructional Staff	5,326	933	4,393	3,772,916	3,230,061	542,855
Support Services-Board of Education	0	0	0	37,194	32,899	4,295
Support Services-Administration	0	0	0	4,302,477	4,130,659	171,818
Fiscal Services	0	0	0	1,030,287	998,783	31,504
Support Services-Business	8,447	0	8,447	639,400	491,228	148,172
Operation & Maintenance-Plant	344	344	0	7,079,359	6,680,045	399,314
Support Services-Transportation	766	627	139	2,351,664	2,086,004	265,660
Support Services-Central	0	0	0	731,132	694,441	36,691
Food Services	0	0	0	25,374	24,804	570
Community Services	7	0	7	832,280	749,805	82,475
Other Operational Non-Instruction	12,080	5,215	6,865	12,980	5,615	7,365
Academic & Subject Oriented	0	0	0	156,525	117,469	39,056
Occupation Oriented Activities	0	0	0	3,914	3,056	858
Sports Oriented Activities	0	0	0	671,651	661,421	10,230
Co-Curricular Activities	0	0	0	58,191	51,446	6,745
Site Improvement	0	0	0	381,481	362,777	18,704
Building Acquisition & Construction	0	0	0	5,901	4,358	1,543
Building Improvement	0	0	0	1,467,818	1,171,670	296,148
Repayment of Debt	0	0	0	18,198	18,198	0
<b>Total Expenditures</b>	<b>63,651</b>	<b>29,975</b>	<b>33,676</b>	<b>55,303,389</b>	<b>52,046,170</b>	<b>3,257,219</b>
Excess of Revenue Over (Under) Expenditures	(22,951)	8,659	31,610	(1,760,687)	1,543,775	3,304,462
<b>Other Financing Sources (Uses):</b>						
Safe & Loss of Assets	0	0	0	1,000	23,319	22,319
Transfer-In	5,000	6,000	1,000	1,711,692	1,717,232	5,540
Advances-In	0	1,066	1,066	71,066	74,632	3,566
Refund of Prior Year Expenditures	0	0	0	15,886	17,300	1,414
Transfer-Out	0	0	0	(1,717,455)	(1,717,232)	223
Advances-Out	0	0	0	(70,000)	(135,065)	(65,065)
Refund of Prior Years Expenses	0	0	0	(35,492)	(119,989)	(84,497)
Pass Through Payments	0	0	0	(7,297)	(5,885)	1,412
Other Misc. Use of Funds	0	0	0	(802,898)	0	802,898
<b>Total Other Sources (Uses)</b>	<b>5,000</b>	<b>7,066</b>	<b>2,066</b>	<b>(833,498)</b>	<b>(145,688)</b>	<b>687,810</b>
Excess of Revenues & Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(17,951)	15,725	33,676	(2,594,185)	1,398,087	3,992,272
Beginning Fund Balance	17,559	17,559	0	8,911,064	8,911,064	0
Prior Year Carry Over Encumbrances	1,378	1,378	0	1,746,116	1,746,116	0
<b>Ending Fund Balance</b>	<b>\$ 986</b>	<b>\$ 34,662</b>	<b>\$ 33,676</b>	<b>\$ 8,062,995</b>	<b>\$ 12,055,267</b>	<b>\$ 3,992,272</b>

See Accompanying Notes to the General Purpose Financial Statement

**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, 1999**

	Proprietary Fund Types			Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
<b>Operating Revenues:</b>				
Tuition	\$ 350,903	0	0	\$ 350,903
Food Service	356,124	0	0	356,124
Extracurricular Activities	0	20,165	0	20,165
Classroom Materials & Fees	44,049	0	0	44,049
Miscellaneous	4,614	4,154,771	0	4,159,385
<b>Total Operating Revenue</b>	<b>755,690</b>	<b>4,174,936</b>	<b>0</b>	<b>4,930,626</b>
<b>Operating Expenses:</b>				
Personal Services - Salary	832,495	4,460	0	836,955
Employee Benefits	308,813	698	0	309,511
Purchased Services	26,079	2,819	0	28,898
Supplies and Materials	977,707	193,360	0	1,171,067
Other Expenses	1,536	3,890,196	0	3,891,732
Depreciation	18,419	487	0	18,906
<b>Total Operating Expenses</b>	<b>2,165,049</b>	<b>4,092,020</b>	<b>0</b>	<b>6,257,069</b>
<b>Operating Loss</b>	<b>(1,409,359)</b>	<b>82,916</b>	<b>0</b>	<b>(1,326,443)</b>
<b>Non-Operating Revenues:</b>				
Earnings On Investments	8,540	4,203	1,126	13,869
Miscellaneous	7,689	10,617	721	19,027
State Restrained Grants-in-Aid	103,140	0	0	103,140
Revenue for/on Behalf of District	4,384	0	0	4,384
Federal Unrestricted Grants-In-Aid	1,319,959	0	0	1,319,959
Federal Restricted Grants-In-Aid	240,265	0	0	240,265
<b>Total Non-Operating Revenues</b>	<b>1,683,977</b>	<b>14,820</b>	<b>1,847</b>	<b>1,700,644</b>
<b>Non-Operating Expenses:</b>				
Loss on Disposal of Assets	18,037	0	0	18,037
<b>Total Non-Operating Expenses</b>	<b>18,037</b>	<b>0</b>	<b>0</b>	<b>18,037</b>
<b>Net Income Before Operating Transfers</b>	<b>256,581</b>	<b>97,736</b>	<b>1,847</b>	<b>356,164</b>
<b>Net Income(Loss)</b>	<b>256,581</b>	<b>97,736</b>	<b>1,847</b>	<b>356,164</b>
<b>Beginning Retained Earnings</b>	<b>1,143,914</b>	<b>1,585,327</b>	<b>20,679</b>	<b>2,749,920</b>
<b>Retained Earnings at End of Year</b>	<b>\$ 1,400,495</b>	<b>1,683,063</b>	<b>22,526</b>	<b>\$ 3,106,084</b>

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, 1999**

	Proprietary Fund Types			Totals (Memorandum) (Only)
	Enterprise Funds	Internal Service Funds	Non-Expendable Trust Funds	
Cash Flows from Operating Activities				
Operating Loss	\$ (1,409,359)	82,916	0	\$ (1,326,443)
Adjustment to Reconcile Operating Loss				
To Net Cash used in Operating Activities:				
Depreciation	18,419	487	0	18,906
Net (Increase) Decrease in Assets:				
Due from Other Governments	178,883	0	0	178,883
Accounts Receivable	(61,057)	(50,344)	0	(111,401)
Inventory	(5,117)	(24,870)	0	(29,987)
Prepaid Expense	(4)	0	0	(4)
Net Increases (Decreases) in Liabilities:				
Due to Other Funds	31,456	0	0	31,456
Due to Other Governments	(49,148)	0	0	(49,148)
Accounts Payable	3,703	41,992	0	45,695
Claims Payable	0	23,000	0	23,000
Accrued Wages and Benefits	10,858	0	0	10,858
Deferred Revenue	679	0	0	679
Compensated Absences	(9,590)	0	0	(9,590)
Total Adjustments	119,082	(9,735)	0	109,347
Net Cash Used in Operating Activities	(1,290,277)	73,181	0	(1,217,096)
Cash Flows from Noncapital Activities:				
Earnings on Investments	8,540	4,203	1,126	13,869
Operating Grants from State Sources	107,524	0	0	107,524
Operating Grants from Federal Sources	1,560,224	0	0	1,560,224
Other Net	7,689	10,617	721	19,027
Net Cash Provided by Noncapital Financing Sources	1,683,977	14,820	1,847	1,700,644
Cash Flows from Capital Financing Sources:				
Acquisition of Assets	(33,164)	(10,100)	0	(43,264)
Net Cash Provided by Capital Financing Sources	(33,164)	(10,100)	0	(43,264)
Net Increase in Cash & Cash Equivalents	360,536	77,901	1,847	440,284
Cash and Cash Equivalents at Beginning of Year	474,996	1,183,339	20,679	1,679,014
Cash and Cash Equivalents at End of Year	<u>\$ 835,532</u>	<u>1,261,240</u>	<u>22,526</u>	<u>\$ 2,119,298</u>

See Accompanying Notes to General Purpose Financial Statements

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

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

The financial statements of the 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 584 certified employees and 384 non-certificated employees.

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

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

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

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

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

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**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**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**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**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**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**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, 1999 and delinquent property taxes, whose availability is indeterminate, and are intended to finance fiscal year 2000 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 expenditures 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**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**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 reappropriated. The Board of Education usually adopts temporary appropriations at its regular board meeting in July. 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" (and also a separate "Combined Statement... for All Proprietary 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 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, 1999.

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

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

The District has invested funds in the State Treasury Asset Reserve of Ohio (STAR Ohio) during 1998-99. STAR Ohio is an investment pool managed by the State Treasurer's Office which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price which is the price the investment could be sold for on June 30, 1999.

Under existing Ohio statutes all investment earnings are assigned to the General Fund unless statutorily required to be credited to a specific fund. Interest revenue credited to the General Fund during the fiscal year amounted to \$910,382.

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 1999 totaled \$910,382 for the General Fund, \$14,800 for the Special Revenue Funds, \$2,660 for the Permanent Improvement Funds, \$8,540 for the Enterprise Funds, \$4,203 for the Internal Service Funds, and \$1,126 for the Non-Expendable Trust Funds.

**F. Taxes Receivable**

The financial statements reflect taxes receivable as of June 30, 1999. 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, 1999 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, 1999 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**  
**Notes to the General Purpose Financial Statements**  
**June 30, 1999**

**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  
Goals 2000  
JTPA, Title IIB  
School Security

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

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

Non-Reimbursable Grants:

Special Revenue Funds

Title I  
Title VI  
Title VI-B  
Urban Pilot Project  
Venture Capital

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, 1999, the District had \$767,170 in "Due to Other Funds" and \$63,999 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, 1999 the District had no long-term interfund loans.

**M. Compensated Absences**

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

Vacation leave and other compensated absences with similar characteristics are accrued as a liability as the benefits are earned by the employees if both of the following conditions are met: 1.) The employees' rights to receive compensation are attributable to services already rendered and that are not contingent on a specific event that is outside the control of the employer and employee. 2.) It is probable that the employer

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

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

will compensate the employees for the benefits through paid time off or some other means, such as cash payments at termination or retirement.

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

**N. Contributed Capital**

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

**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 for workers' compensation refund. 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.

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

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

**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 receiving approval from the State Superintendent of Public Instruction. 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 purposes financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations or 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.

**Note 2. Budgetary Basis of Accounting**

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

<b>Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses Governmental Fund Types</b>					
	General Fund	Special Revenue	Debt Service	Capital Project	Expendable Trust
GAAP Basis	\$ 3,163,448	(588,280)	(18,198)	590,134	\$ 16,067
Increase (Decrease):					
Due to Revenues:					
Net Adjustments to Revenue	221,778	3,211	3,923	(219,600)	0
Due to Expenditures:					
Net Adjustments to Expenditure	(1,207,544)	35,726	0	(531,723)	(1,408)
Due to Other Sources/Uses	(9,323)	(70,289)	9,099	0	1,066
Budget Basis	\$ 2,168,359	(619,632)	(5,176)	(161,189)	\$ 15,725

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

**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 two year period of designation of depositories. Inactive deposits must either be evidenced by certificates of deposit maturing not later than the end of the current period of designation of depositories, or by savings or deposit accounts including, but not limited to, passbook accounts.

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

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

Interim monies may be 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;

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

**Note 4. Cash and Investments (continued)**

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 moneys 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 (\$368,610) and the bank balance was \$59,689 All of the bank balance was covered by federal depository insurance. Although the securities serving as collateral were held by the pledging institution in the pledging institution's name and all State statutory requirements for the deposit of money had been followed, noncompliance with federal requirements would potentially subject the District to a successful claim by the FDIC.

**Investments** GASB Statement 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 Agreement	\$ 0	\$ 0	\$ 14,552,451	\$ 14,552,451	\$ 14,552,451
STAR Ohio				3,754,267	3,754,267
<b>Total Investments</b>				<b>\$ 18,306,718</b>	<b>\$ 18,306,718</b>



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

**Note 4. Cash and Investments (continued)**

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	\$ 17,942,408	
Investments:		
Repurchase Agreement	(14,552,451)	\$ 14,552,451
STAR Ohio	(3,754,267)	3,754,267
Total	(364,310)	18,306,718
Cash on Hand	(4,300)	0
GASB Statement No.3	\$ (368,610)	\$ 18,306,718

**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 revaluation for the District was completed in 1996. The next revaluation is scheduled for 1999. 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 to the District the taxes collected. Tax settlements are made each March and August for real property taxes and each June and October for personal property.

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

**Note 5. Property Tax (continued)**

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, 1999 for operations was \$52.64 per \$1,000 of assessed valuation. The assessed values of real and tangible personal property on which the fiscal year 1999 taxes were collected were as follows:

Real Property-Commercial/Industrial	\$	80,008,560
Real Property-Residential/Agricultural		202,901,160
Real Property-Public Utilities		86,470
Personal Property-General		116,938,146
Personal Property-Public Utilities		37,164,410
		37,164,410
Total Assessed Value	\$	437,098,746

**Note 6. Receivables**

Receivables at June 30, 1999 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	\$	14,840
State Driver Education Reimbursement		1,100
CAFS Reimbursement		35,764
		35,764
Total General Fund	\$	51,704.
Special Revenue Funds:		
Auxiliary Services		0
Pregnancy Prevention		(840)
Adult Basic Education		0
Title I		180,000
Title VI B Grant		50,000
Adult Federal Job Program		5,452
		5,452
Total Special Revenue Funds	\$	234,612
Enterprise Funds:		
Food Service		177,794
Adult Education		21,823
		21,823
Total Enterprise Fund		199,617
		199,617
Grand Total	\$	485,933

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

**Note 7. Fixed Assets**

The following is a summary of the proprietary funds property, plant and equipment at June 30, 1999:

Furniture and Equipment	\$ 770,439
Less Accumulated Depreciation	<u>(360,611)</u>
Net Fixed Assets	<u>\$ 409,828</u>

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

	General Fixed Assets June 30, 1998	Additions	Deletions	General Fixed Assets June 30, 1999
Land and Improvements	\$ 443,364	0	0	\$ 443,364
Buildings	15,355,369	0	0	15,355,369
Furniture and Equipment	14,886,100	709,557	466,863	15,128,794
Vehicles	<u>2,132,281</u>	<u>79,124</u>	<u>123,021</u>	<u>2,088,384</u>
Total General Fixed Assets	<u>\$ 32,817,114</u>	<u>788,681</u>	<u>589,884</u>	<u>\$ 33,015,911</u>

There was no significant construction in progress at June 30, 1999.

**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 14 percent; 9.79 percent was the portion to fund pension obligations. The contribution rates are not determined actuarially, but are established by SERS Retirement Board within the rates allowed by State statute. The adequacy of the contribution rates is determined annually. The District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 1999, 1998 and 1997 were \$1,136,154, \$1,078,245, and \$1,620,711, respectively; 48 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$585,554 representing the unpaid contribution for fiscal year 1999, is recorded as a liability within the respective funds and the general long-term obligations account group.

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

**Note 8. Defined Benefit Pension Plans (continued)**

**B. State Teachers Retirement System**

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

Plan members are required to contribute 9.3 percent of their annual covered salary and the District is required to contribute 14 percent; 10.5 percent was the portion to fund pension obligations. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of 10 percent for members and 14 percent for employers. The District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 1999, 1998 and 1997 were: \$3,268,584, \$2,979,264, and \$3,182,020, respectively; 83 percent has been contributed for fiscal year 1999 and 100 percent for the fiscal years 1998 and 1997. \$544,764 representing the unpaid contribution for fiscal year 1999, 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, 1999, 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.

For STRS, most benefit recipients are required to pay a portion of health care cost in the form of a monthly premium. By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently 14 percent of covered payroll. The board currently allocates employer contributions equal to two percent (2%) of covered payroll to the Health Care Reserve Fund from which

payments for health care benefits are paid. The balance in the Health Care Reserve Fund was \$2.783 million at June 30, 1999 (the latest information available). The Health Care Reserve Fund allocation for the year ended June 30, 2000, will be 8.0% of covered payroll. For the District, this amount equaled \$1,867,762 during the 1999 fiscal year. For the fiscal year ended June 30, 1999, eligible benefit recipients totaled 95,796, and net health care costs paid by STRS were \$249,929,000.

For SERS, coverage is made available to service retirees with ten or more years of qualifying service credit, disability, and survivor benefit recipients. Members retiring on or after August 1, 1989, with less than twenty-

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

**Note 9. Postemployment Benefits (continued)**

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 6.30 percent of covered payroll. In addition, SERS levies a surcharge to fund health care benefits equal to 14 percent of the difference between a minimum pay and the member's pay, pro-rated for partial service credit. For fiscal year 1999, the minimum pay has been established at \$12,400. The surcharge rate added to the unallocated portion of the 14 percent employer contribution rate provides for maintenance of the asset target level for the health care fund. For the District, this amount equaled \$511,269 during the 1999 fiscal year. The number of participants currently receiving health care benefits is approximately 51,000. For the fiscal year ended June 30, 1999, net health care costs paid by SERS were \$126,380,984.

**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 these various types of risk by purchasing a comprehensive insurance policy through commercial carriers. General liability

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

**Note 11. Risk Management (continued)**

insurance is maintained in the amount of \$1,000,000 for each occurrence and \$5,000,000 in the aggregate. In addition, The District maintains a \$1,000,000 umbrella liability policy.

The District maintains fleet insurance in the amount of \$1,000,000 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 its 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 \$438,000 at June 30, 1999. A summary of changes in self-insurance claims for the current and two preceding years follows:

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

**Note 11. Risk Management (continued)**

	Balance Beginning of Year	Current Year Claims	Claim Payments	Balance End of Year
1997	392,045	2,599,189	(2,537,214)	454,020
1998	454,020	2,228,189	(2,267,209)	415,000
1999	415,000	2,266,003	(2,243,003)	438,000

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	\$ 3,054,230
Special Revenue Funds	743,979
Enterprise Funds	<u>117,471</u>
Total Contributions	<u>\$ 3,915,680</u>

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

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

	July 1, 1998	Additions	Deletions	June 30, 1999
Intergovernmental Payable	\$ 453,033	0	40,154	\$ 412,879
Lease Obligation	75,941	0	66,629	9,312
Asbestos Assistance	116,732	0	18,198	98,534
Early Retirement Incentive	565,712	0	252,071	313,641
Compensated Absences Payable*	2,566,998	110,767	0	2,677,765
	<u>\$ 3,778,416</u>	<u>110,767</u>	<u>377,052</u>	<u>\$ 3,512,131</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 \$437,099. The voted debt margin at June 30, 1999 is \$39,338,887.

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

**Note 11. Risk Management (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 2000	\$ 18,198
FY 2001	18,198
FY 2002 & Thereafter	<u>62,138</u>
	<u>\$ 98,534</u>

The District is making installment payments on photocopiers purchased with an original cost of \$175,355. This equipment has been capitalized in the general fixed assets account group. This obligation provides for interest at a rate of 6% with an outstanding balance of \$9,312 at June 30, 1999.

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

	Payment	Interest	Principal
FY 2000	<u>\$ 9,449</u>	<u>136</u>	<u>\$ 9,312</u>

The District makes payments to State 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, 1999, 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:

**Due From/To Other Funds:**

	Receivables	Payables
General Fund	\$ 63,999	\$ 0
Special Revenue	0	2,500
Trust & Agency	0	61,499
	<u>\$ 63,999</u>	<u>\$ 63,999</u>



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

**Note 14. Segments of Enterprise Activities**

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

	Lunchroom Fund	Uniform School Supplies Fund	Adult Education	U.S. Swim	Special Enterprise	Total
Operating Revenues	\$ 356,424	44,048	350,904	4,314	0	\$ 755,690
Operating Expenses:	1,703,110	37,283	401,923	4,314	0	2,146,630
Depreciation	12,990	124	5,250	0	55	18,419
Total Operating Exp.	1,716,100	37,407	407,173	4,314	55	2,165,049
Operating Income	(1,359,676)	6,641	(56,269)	0	(55)	(1,409,359)
Non Operating Rev. and Expenses:						
Operating Grants	1,529,167	0	138,581	0	0	1,667,748
Other Net	(9,497)	7,439	250	0	0	(1,808)
Net Income (loss)	159,994	14,080	82,562	0	(55)	256,581
Net Working Capital	673,111	96,455	229,582	1,379	3,126	1,003,653
Total Assets	1,210,454	100,029	270,737	1,379	3,480	1,586,079
Total Fund Equity	\$1,033,471	97,300	264,865	1,379	3,480	\$1,400,495

**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 \$87,564 to NEOMIN for fiscal year 1999.

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

**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), two superintendents from Ashtabula County school districts, four superintendents from Trumbull County districts, a principal and treasurer. The District was not represented on the Governing Board during fiscal year 1999. 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, 1999.

**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, 1999.

**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, 1999, the District received \$23,123,744 of school foundation support for its general fund.

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

**Note 17. School Funding Decision (continued)**

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

As of the date of these financial statements, the District is unable to determine what effect, if any, this ongoing litigation will have on its future state funding under 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, 1999, the reserve activity was as follows:

	Textbook Reserve	Capital Maintenance Reserve	Budget Stabilization Reserve	Total
Balance, 7/1/1998	\$ 0	\$ 0	\$ 246,296	\$ 246,296
Required Set Aside	613,208	613,208	0	1,226,416
Offset Credits	0	0	0	0
Qualifying Expenditures	(668,106)	(755,388)	0	(1,423,494)
Balance, 6/30/1999	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 246,296</u>	<u>\$ 246,296</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.

**Note 19. Year 2000 Issue**

The Year 2000 issue is the result of shortcomings in many electronic data processing systems and other equipment that may adversely affect the District's operations as early as Fiscal Year 1999.

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

The Warren City School District uses an external service organization for its financial reporting, payroll and employee benefits systems. The service organization uses the Ohio School Fund Accounting System software for its financial reporting and the Ohio School Fund Payroll System software for its payroll and

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

**Note 19. Year 2000 Issue (continued)**

employee benefits. Both systems were developed by Snyder and Associates. The external service organization and Snyder & Associates are responsible for remediating these systems.

Trumbull County collects property taxes for distribution to the Warren City School District. Trumbull County is responsible for remediating the tax collection system and is solely responsible for any costs associated with the tax collection system project.

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

Because of the unprecedented nature of the Year 2000 issue, its effects and the success of related remediation efforts will not be fully determinable until the year 2000 and thereafter. Management cannot assure that the District's remediation efforts will be successful in whole or in part, or that parties with whom the District does business will be Year 2000 ready.

**Note 21. Fund Deficits**

The following funds had deficit balances at June 30, 1999:

D.P.I.A.	\$ (606,027)
PIC Summer Youth Program	\$ (3,642)
Summer Recreation Program	\$ (2,013)

The D.P.I.A., and the Summer Recreation Program deficits resulted from the conversion to generally accepted accounting principles and adjustments for accrued liabilities. The school 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.

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

<b>FEDERAL GRANTOR Pass-Through Grantor Program Title</b>	<b>Federal CFDA Number</b>	<b>Pass Through Entity Number</b>	<b>Receipts</b>	<b>Non-Cash Receipts</b>	<b>Disbursements</b>	<b>Non-Cash Disbursements</b>
<b>UNITED STATES DEPARTMENT OF AGRICULTURE</b>						
<i>Passed through the Ohio Department of Education</i>						
<b>Nutrition Cluster</b>						
Food Distribution Program	10.550	N/A		\$101,224		\$86,632
School Breakfast Program	10.553	05-PU-98/99	270,922		270,922	
National School Lunch Program	10.555	03/04-PU-98/99	1,214,833		1,214,833	
Summer Food Service Program	10.559	23-ML-98/24-AD-98	30,459		21,084	
<b>Total Nutrition Cluster/Total Department of Agriculture</b>			<b>1,516,214</b>	<b>101,224</b>	<b>1,506,839</b>	<b>86,632</b>
<b>UNITED STATES DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>						
<i>Passed through the City of Warren, Ohio</i>						
Community Development Block Grant	14.218	N/A	21,392		23,405	
<b>UNITED STATES DEPARTMENT OF LABOR</b>						
<i>Passed through the Private Industry Council</i>						
Job Training Partnership	17.246	N/A	11,834		11,834	
<i>Passed through the Ohio Department of Education</i>						
School-to-Work	17.249	USI/STW-017	2,000		1,504	
<b>Total Department of Labor</b>			<b>13,834</b>		<b>13,338</b>	
<b>NATIONAL FOUNDATION ON THE ARTS AND THE HUMANITIES</b>						
<i>Passed through the State Library of Ohio</i>						
State Library Program	45.310	II34-E-2-98	14,611			
<b>UNITED STATES DEPARTMENT OF EDUCATION</b>						
<i>Passed through the Ohio Department of Education</i>						
Adult Education- State Grant Program	84.002	AB-SD-98			5,633	
		AB-S1-98C	27,590		23,411	
		AB-S1-99	132,671		132,671	
		AB-SD-99	16,724		10,278	
			176,985		171,993	
Title 1, Grants to Local Educational Agencies	84.010	C1-S1-98	170,000		451,008	
		C1-SD-98	9,844		6,281	
		C1-S1-98C	204,824		237,600	
		C1-S1-99	2,049,431		1,735,352	
		C1-SD-98C			7,784	
		C1-SD-99	38,698		20,842	
			2,472,797		2,458,867	
Special Education Cluster						
Special Education Grants to States	84.027	6B-SF-98P	70,796		135,964	
		6B-SF-99P	371,863		255,912	
			442,659		391,876	
Safe and Drug-Free Schools - State grants	84.186	DR-S1-98	23,168		25,572	
		DR-S1-99	93,525		74,401	
			116,693		99,973	
Goals 2000	84.276	G2-A2-99	4,029		4,029	
		G2-S1-97C			24,135	
		G2-S2-97C			3,026	
		G2-S4-98			3,271	
		G2-S2-98			96,280	
		G2-S1-99P	88,500		52,030	
		G2-S2-98C	25,000		18,602	
		G2-S2-99	32,250			
			149,779		201,373	

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

FEDERAL GRANTOR Pass-Through Grantor Program Title	Federal CFDA Number	Pass Through Entity Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
Eisenhower Professional Development Grant	84.281	MS-S1-98 MS-S1-97C MS-S1-99 MS-S1-98C	47,356		1,275 767 25,124 3,547	
			<u>47,356</u>		<u>30,713</u>	
Innovative Educational Program Strategies	84.298	C2-S1-98 C2-S1-97C C2-S1-98C C2-S1-99	9,084		15,556 2,221 6,274	
			<u>62,562</u>		<u>50,897</u>	
			77,920		74,948	
Technology Literacy Challenge Fund	84.318	TF-S1-97P TF-S1-99P	162,500		2,534 100,344	
			<u>162,500</u>		<u>102,878</u>	
<i>Direct Federal Program</i>						
Impact Aid	84.041	N/A	11,878		11,878	
Total Department of Education			<u>3,658,567</u>		<u>3,544,499</u>	
<b>UNITED STATES DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>						
<i>Passed through the Ohio Department of Education</i>						
Jobs Reimbursement Program	93.561	JB-S1-96 JB-S1-97 JB-S1-98	4,113		1,098 7,167 7,122	
			<u>4,113</u>		<u>15,387</u>	
<b>Total Receipts and Expenditures of Federal Awards</b>			<u><b>\$5,228,731</b></u>	<u><b>\$101,224</b></u>	<u><b>\$5,103,468</b></u>	<u><b>\$86,632</b></u>

The notes to the Schedule of Federal Awards, Receipts, and Expenditures are an integral part of this statement.

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

**NOTE A -- SIGNIFICANT ACCOUNTING POLICIES**

The accompanying Schedule of Federal Awards Receipts and Expenditures (the Schedule) summarizes activity of the Government'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, 1999, the District had food commodities valued at \$68,696 in inventory.

**NOTE C -- MATCHING REQUIREMENTS**

Certain Federal programs require that the District contribute non-federal funds (matching funds) to support the Federally-funded programs. The District 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

Government Center  
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800-443-9271

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

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

To the Board of Education:

We have audited the financial statements of Warren City School District, Trumbull County, as of and for the year ended June 30, 1999, and have issued our report thereon dated December 21, 1999. We conducted our audit in accordance with generally accepted auditing standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Compliance**

As part of obtaining reasonable assurance about whether Warren City School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances on noncompliance that are required to be reported under *Government Auditing Standards*.

**Internal Control Over Financial Reporting**

In planning and performing our audit, we considered Warren City School District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have communicated to management of the Warren City School District in a separate letter dated December 21, 1999.



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.

A handwritten signature in black ink, appearing to read "Jim Petro", written over a large, stylized circular scribble.

**Jim Petro**  
Auditor of State

December 21, 1999



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

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

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

To the Board of Education:

**Compliance**

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

We conducted our audit of compliance in accordance with 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 Warren City School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Warren City School District's compliance with those requirements.

In our opinion, Warren City School District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 1999.

**Internal Control Over Compliance**

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

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

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



Jim Petro  
Auditor of State  
December 21, 1999

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505

JUNE 30, 1999

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

<i>(d)(1)(i)</i>	Type of Financial Statement Opinion	Unqualified
<i>(d)(1)(ii)</i>	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(ii)</i>	Were there any other reportable control weakness conditions reported at the financial statement level (GAGAS)?	No
<i>(d)(1)(iii)</i>	Was there any reported material non-compliance at the financial statement level (GAGAS)?	No
<i>(d)(1)(iv)</i>	Were there any material internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(iv)</i>	Were there any other reportable internal control weakness conditions reported for major federal programs?	No
<i>(d)(1)(v)</i>	Type of Major Programs' Compliance Opinion	Unqualified
<i>(d)(1)(vi)</i>	Are there any reportable findings under § .510?	No
<i>(d)(1)(vii)</i>	Major Programs (list):	Nutrition Cluster: 10.550 Food Distribution 10.553 School Breakfast Program 10.555 National School Lunch 10.559 Summer Food Service
<i>(d)(1)(viii)</i>	Dollar Threshold: Type A/B Programs	Type A: > \$ 300,000 Type B: < \$ 300,000
<i>(d)(1)(ix)</i>	Low Risk Auditee?	Yes

SCHEDULE OF FINDINGS  
OMB CIRCULAR A -133 § .505

JUNE 30, 1999  
(Continued)

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

<b>Finding Number</b>	N/A - no findings

**3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS**

**1. Title of Finding**

<b>Finding Number</b>	N/A - no findings
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STATE OF OHIO  
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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WARREN CITY SCHOOL DISTRICT - TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

By: \_\_\_\_\_

*Susan Babbitt*

Clerk of the Bureau

Date: \_\_\_\_\_

**JAN 11 2000**