



**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY**

SINGLE AUDIT

FOR THE YEAR ENDED JUNE 30, 2000



**JIM PETRO
AUDITOR OF STATE**

STATE OF OHIO

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY**

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REPORT OF INDEPENDENT ACCOUNTANTS

Newton Falls Exempted Village School District
Trumbull County
909 ½ Milton Blvd.
Newton Falls, Ohio 44444

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

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

In our opinion, the general-purpose financial statements referred to above present fairly, in all material respects, the financial position of the Newton Falls Exempted Village School District, Trumbull County, as of June 30, 2000, and the results of its operations and the cash flows of its proprietary fund types 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 January 16, 2001 on our consideration of the District's internal control over compliance with certain provisions of laws, regulations, contracts and grants. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be read in conjunction with this report in considering the results of our audit.

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

Jim Petro
Auditor of State

January 16, 2001

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Newton Falls Exempted Village School District
Combined Balance Sheet
All Fund Types and Account Groups
As of June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Assets and other debits:</u>				
<u>Assets:</u>				
Equity in pooled cash and cash equivalents	\$ 336,987	\$ 1,151,664	\$ 132,308	\$ 1,644,783
Receivables:				
Taxes	2,202,596	637,426	610,613	-
Accounts	735	876	-	-
Intergovernmental	2,776	-	-	-
Interfund	29,621	-	-	-
Due from other funds	-	-	-	-
Inventory held for resale	-	-	-	-
Materials and supplies inventory	-	-	-	-
Equity in pooled cash and cash equivalents (restricted)	165,483	-	-	-
Fixed assets (net, where applicable, of accumulated depreciation)	-	-	-	-
<u>Other debits:</u>				
Amount available in debt service fund for retirement of general obligation bonds	-	-	-	-
Amount to be provided from general government resources	-	-	-	-
Total assets and other debits	<u>\$ 2,738,198</u>	<u>\$ 1,789,966</u>	<u>\$ 742,921</u>	<u>\$ 1,644,783</u>
<u>Liabilities, fund equity and other credits:</u>				
<u>Liabilities:</u>				
Accounts payable	\$ 44,715	\$ 45,404	\$ -	\$ -
Accrued wages	589,327	20,714	-	-
Compensated absences payable	5,708	-	-	-
Interfund payable	-	8,934	-	-
Due to other funds	17,694	688	-	-
Intergovernmental payable	125,046	1,422	-	-
Deferred revenue	2,194,876	637,426	610,613	-
Undistributed monies	-	-	-	-
Due to students	-	-	-	-
School facilities loan payable	-	-	-	-
General obligation bonds payable	-	-	-	-
Total liabilities	<u>2,977,366</u>	<u>714,588</u>	<u>610,613</u>	<u>-</u>
<u>Fund equity and other credits:</u>				
Investment in general fixed assets	-	-	-	-
Retained earnings:				
Unreserved	-	-	-	-
Fund balance:				
Reserved for encumbrances	29,935	8,770	-	3,500
Reserved for property taxes	7,720	-	-	-
Reserved for debt service	-	-	132,308	-
Reserved for budget stabilization	165,483	-	-	-
Unreserved, undesignated	(442,306)	1,066,608	-	1,641,283
Total fund equity and other credits	<u>(239,168)</u>	<u>1,075,378</u>	<u>132,308</u>	<u>1,644,783</u>
Total liabilities, fund equity and other credits	<u>\$ 2,738,198</u>	<u>\$ 1,789,966</u>	<u>\$ 742,921</u>	<u>\$ 1,644,783</u>

See accompanying notes to the general purpose financial statements.

Proprietary Fund Types		Fiduciary Fund Types	Account Groups		Totals (Memorandum Only)
Enterprise	Internal Service	Trust and Agency	General Fixed Assets	General Long-Term Obligations	
\$ 557	\$ 124	\$ 81,373	\$ -	\$ -	\$ 3,347,796
-	-	-	-	-	3,450,635
244	-	-	-	-	1,855
15,413	-	-	-	-	18,189
-	-	-	-	-	29,621
-	-	18,449	-	-	18,449
12,264	-	-	-	-	12,264
1,551	-	-	-	-	1,551
-	-	-	-	-	165,483
103,222	-	-	13,307,359	-	13,410,581
-	-	-	-	132,308	132,308
-	-	-	-	7,252,248	7,252,248
<u>\$ 133,251</u>	<u>\$ 124</u>	<u>\$ 99,822</u>	<u>\$ 13,307,359</u>	<u>\$ 7,384,556</u>	<u>\$ 27,840,980</u>
\$ 332	\$ -	\$ -	\$ -	\$ -	\$ 90,451
11,910	-	-	-	-	621,951
7,738	-	-	-	660,217	673,663
18,465	-	2,222	-	-	29,621
67	-	-	-	-	18,449
18,783	-	18,449	-	60,647	224,347
4,176	-	-	-	-	3,447,091
-	-	44,712	-	-	44,712
-	-	32,457	-	-	32,457
-	-	-	-	2,178,692	2,178,692
-	-	-	-	4,485,000	4,485,000
<u>61,471</u>	<u>-</u>	<u>97,840</u>	<u>-</u>	<u>7,384,556</u>	<u>11,846,434</u>
-	-	-	13,307,359	-	13,307,359
71,780	124	-	-	-	71,904
-	-	-	-	-	42,205
-	-	-	-	-	7,720
-	-	-	-	-	132,308
-	-	-	-	-	165,483
-	-	1,982	-	-	2,267,567
<u>71,780</u>	<u>124</u>	<u>1,982</u>	<u>13,307,359</u>	<u>-</u>	<u>15,994,546</u>
<u>\$ 133,251</u>	<u>\$ 124</u>	<u>\$ 99,822</u>	<u>\$ 13,307,359</u>	<u>\$ 7,384,556</u>	<u>\$ 27,840,980</u>

Newton Falls Exempted Village School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types			
	General	Special Revenue	Debt Service	Capital Projects
<u>Revenues:</u>				
Taxes	\$ 1,923,415	\$ 568,783	\$ 452,793	\$ -
Intergovernmental	4,929,831	718,573	54,181	13,204
Interest	112,256	2,299	-	83,625
Tuition and fees	7,393	-	-	-
Extracurricular activities	-	216,690	-	-
Gifts and donations	-	-	-	-
Miscellaneous	135,507	8,454	-	-
Total revenues	7,108,402	1,514,799	506,974	96,829
<u>Expenditures:</u>				
Current:				
Instruction:				
Regular	3,846,882	128,951	-	74,432
Special	575,996	204,348	-	-
Vocational	106,760	-	-	-
Adult/continuing	-	-	-	-
Other	544	-	-	-
Support services:				
Pupils	310,433	-	-	-
Instructional staff	142,511	18,908	-	1,284
Board of education	13,244	-	-	-
Administration	754,858	5,509	-	617
Fiscal	209,090	9,872	7,490	-
Operation and maintenance of plant	711,814	8,681	-	-
Pupil transportation	574,457	128,396	-	-
Central	2,173	-	-	3,479
Operation of non-instructional services	17,635	85,723	-	-
Extracurricular activities	162,376	249,820	-	-
Capital outlay	-	-	-	243
Debt service:				
Principal retirement	-	-	275,000	-
Interest and fiscal charges	-	-	301,223	-
Total expenditures	7,428,773	840,208	583,713	80,055
Excess of revenues over (under) expenditures	(320,371)	674,591	(76,739)	16,774
<u>Other financing sources (uses):</u>				
Proceeds from sale of fixed assets	2,612	-	-	-
Operating transfers in	416,632	-	180,000	-
Operating transfers out	-	(416,632)	-	(180,000)
Total other financing sources (uses)	419,244	(416,632)	180,000	(180,000)
Excess of revenues and other financing sources over (under) expenditures and other financing uses	98,873	257,959	103,261	(163,226)
Fund balance (deficit) at beginning of year	(338,041)	817,419	29,047	1,808,009
Fund balance (deficit) at ending of year	\$ (239,168)	\$ 1,075,378	\$ 132,308	\$ 1,644,783

See accompanying notes to the general purpose financial statements.

Fiduciary Fund	Totals (Memorandum Only)
Expendable Trust	
\$ -	\$ 2,944,991
-	5,715,789
-	198,180
-	7,393
-	216,690
500	500
-	143,961
500	9,227,504
-	4,050,265
-	780,344
-	106,760
500	500
-	544
-	310,433
-	162,703
-	13,244
-	760,984
-	226,452
-	720,495
-	702,853
-	5,652
-	103,358
-	412,196
-	243
-	275,000
-	301,223
500	8,933,249
-	294,255
-	2,612
-	596,632
-	(596,632)
-	2,612
-	296,867
1,982	2,318,416
\$ 1,982	\$ 2,615,283

Newton Falls Exempted Village School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual -
All Governmental Fund Types and Expendable Trust Fund
For the Fiscal Year Ended June 30, 2000

	Governmental Fund Types		
	General Fund		Variance Favorable (Unfavorable)
	Revised Budget	Actual	
<u>Revenues:</u>			
Taxes	\$ 1,921,876	\$ 1,921,876	\$ -
Intergovernmental	4,927,055	4,927,055	-
Interest	112,256	112,256	-
Tuition and fees	15,668	15,668	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Miscellaneous	13,910	13,910	-
Total revenues	6,990,765	6,990,765	-
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	3,825,798	3,825,798	-
Special	573,204	573,204	-
Vocational	123,547	123,547	-
Adult/continuing	-	-	-
Other	544	544	-
Support services:			
Pupils	310,591	310,591	-
Instructional staff	140,935	140,935	-
Board of education	13,226	13,226	-
Administration	755,500	755,499	1
Fiscal	208,220	208,220	-
Operation and maintenance of plant	785,785	773,492	12,293
Pupil transportation	592,701	592,701	-
Central	2,260	2,260	-
Operation of non-instructional services	77	77	-
Extracurricular activities	163,616	163,616	-
Capital outlay	-	1,126	(1,126)
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	7,496,004	7,484,836	11,168
Excess of revenues over (under) expenditures	(505,239)	(494,071)	11,168
<u>Other financing sources (uses):</u>			
Proceeds from sale of fixed assets	2,612	2,612	-
Refund of prior year expenditures	121,595	121,595	-
Advances in	19,670	19,670	-
Advances out	(32,896)	(32,896)	-
Operating transfers in	416,632	416,632	-
Operating transfers out	-	-	-
Total other financing sources (uses)	527,613	527,613	-
Excess of revenues and other financing uses under expenditures and other financing uses	22,374	33,542	11,168
Fund balance at beginning of year	161,012	161,012	-
Prior year encumbrances appropriated	211,691	211,691	-
Fund balance at end of year	\$ 395,077	\$ 406,245	\$ 11,168

See accompanying notes to the general purpose financial statements.

Governmental Fund Types

Special Revenue Funds			Debt Service Fund		
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ 550,697	\$ 570,697	\$ 20,000	\$ 474,078	\$ 454,078	\$ (20,000)
721,380	721,380	-	54,181	54,181	-
2,299	2,299	-	-	-	-
-	-	-	-	-	-
216,960	216,960	-	-	-	-
-	-	-	-	-	-
7,867	7,867	-	-	-	-
<u>1,499,203</u>	<u>1,519,203</u>	<u>20,000</u>	<u>528,259</u>	<u>508,259</u>	<u>(20,000)</u>
134,797	104,407	30,390	-	-	-
311,980	205,587	106,393	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
28,745	21,179	7,566	-	-	-
-	-	-	-	-	-
9,076	5,509	3,567	-	-	-
20,489	9,844	10,645	7,490	7,490	-
139,540	8,266	131,274	-	-	-
130,484	128,396	2,088	-	-	-
-	-	-	-	-	-
95,033	91,177	3,856	-	-	-
251,853	251,852	1	-	-	-
-	-	-	-	-	-
-	-	-	275,000	275,000	-
-	-	-	301,223	301,223	-
<u>1,121,997</u>	<u>826,217</u>	<u>295,780</u>	<u>583,713</u>	<u>583,713</u>	<u>-</u>
<u>377,206</u>	<u>692,986</u>	<u>315,780</u>	<u>(55,454)</u>	<u>(75,454)</u>	<u>(20,000)</u>
-	-	-	-	-	-
-	-	-	-	-	-
72,594	72,594	-	-	-	-
(66,297)	(66,297)	-	-	-	-
-	-	-	180,000	180,000	-
<u>(416,632)</u>	<u>(416,632)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>(410,335)</u>	<u>(410,335)</u>	<u>-</u>	<u>180,000</u>	<u>180,000</u>	<u>-</u>
(33,129)	282,651	315,780	124,546	104,546	(20,000)
801,031	801,031	-	27,762	27,762	-
52,028	52,028	-	-	-	-
<u>\$ 819,930</u>	<u>\$ 1,135,710</u>	<u>\$ 315,780</u>	<u>\$ 152,308</u>	<u>\$ 132,308</u>	<u>\$ (20,000)</u>

(Continued)

Newton Falls Exempted Village School District
Combined Statement of Revenues, Expenditures
and Changes in Fund Balances - Budget and Actual -
All Governmental Fund Types and Expendable Trust Fund (Continued)
For the Fiscal Year Ended June 30, 2000

Governmental Fund Types

	Capital Projects Funds		
	Revised Budget	Actual	Variance Favorable (Unfavorable)
<u>Revenues:</u>			
Taxes	\$ -	\$ -	\$ -
Intergovernmental	13,204	13,204	-
Interest	83,625	83,625	-
Tuition and fees	-	-	-
Extracurricular activities	-	-	-
Gifts and donations	-	-	-
Miscellaneous	-	-	-
Total revenues	96,829	96,829	-
<u>Expenditures:</u>			
Current:			
Instruction:			
Regular	160,030	74,432	85,598
Special	-	-	-
Vocational	-	-	-
Adult/continuing	-	-	-
Other	-	-	-
Support services:			
Pupils	-	-	-
Instructional staff	1,284	1,284	-
Board of education	-	-	-
Administration	636	617	19
Fiscal	-	-	-
Operation and maintenance of plant	-	-	-
Pupil transportation	-	-	-
Central	15,010	6,979	8,031
Operation of non-instructional services	-	-	-
Extracurricular activities	-	-	-
Capital outlay	473	243	230
Debt service:			
Principal retirement	-	-	-
Interest and fiscal charges	-	-	-
Total expenditures	177,433	83,555	93,878
Excess of revenues over (under) expenditures	(80,604)	13,274	93,878
<u>Other financing sources (uses):</u>			
Proceeds from sale of fixed assets	-	-	-
Refund of prior year expenditures	-	-	-
Advances in	-	-	-
Advances out	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(180,000)	(180,000)	-
Total other financing sources (uses)	(180,000)	(180,000)	-
Excess of revenues and other financing sources over expenditures and other financing uses	(260,604)	(166,726)	93,878
Fund balance at beginning of year	1,768,397	1,768,397	-
Prior year encumbrances appropriated	39,612	39,612	-
Fund balance at end of year	\$ 1,547,405	\$ 1,641,283	\$ 93,878

See accompanying notes to the general purpose financial statements.

Fiduciary Fund Type			Totals (Memorandum Only)		
Expendable Trust Fund					
Revised Budget	Actual	Variance Favorable (Unfavorable)	Revised Budget	Actual	Variance Favorable (Unfavorable)
\$ -	\$ -	\$ -	\$ 2,946,651	\$ 2,946,651	\$ -
-	-	-	5,715,820	5,715,820	-
-	-	-	198,180	198,180	-
-	-	-	15,668	15,668	-
-	-	-	216,960	216,960	-
500	500	-	500	500	-
-	-	-	21,777	21,777	-
500	500	-	9,115,556	9,115,556	-
-	-	-	4,120,625	4,004,637	115,988
-	-	-	885,184	778,791	106,393
-	-	-	123,547	123,547	-
500	500	-	500	500	-
-	-	-	544	544	-
-	-	-	310,591	310,591	-
-	-	-	170,964	163,398	7,566
-	-	-	13,226	13,226	-
-	-	-	765,212	761,625	3,587
-	-	-	236,199	225,554	10,645
-	-	-	925,325	781,758	143,567
-	-	-	723,185	721,097	2,088
-	-	-	17,270	9,239	8,031
-	-	-	95,110	91,254	3,856
-	-	-	415,469	415,468	1
-	-	-	473	1,369	(896)
-	-	-	275,000	275,000	-
-	-	-	301,223	301,223	-
500	500	-	9,379,647	8,978,821	400,826
-	-	-	(264,091)	136,735	400,826
-	-	-	2,612	2,612	-
-	-	-	121,595	121,595	-
-	-	-	92,264	92,264	-
-	-	-	(99,193)	(99,193)	-
-	-	-	596,632	596,632	-
-	-	-	(596,632)	(596,632)	-
-	-	-	117,278	117,278	-
-	-	-	(146,813)	254,013	400,826
1,982	1,982	-	2,760,184	2,760,184	-
-	-	-	303,331	303,331	-
\$ 1,982	\$ 1,982	\$ -	\$ 2,916,702	\$ 3,317,528	\$ 400,826

Newton Falls Exempted Village School District
Combined Statement of Revenues,
Expenses and Changes in Retained Earnings
All Proprietary Fund Types
For the Fiscal Year Ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Operating revenues:</u>			
Sales	\$ 237,464	\$ -	\$ 237,464
Total operating revenue	<u>237,464</u>	<u>-</u>	<u>237,464</u>
<u>Operating expenses:</u>			
Salaries	136,875	-	136,875
Fringe benefits	59,817	-	59,817
Purchased services	13,884	-	13,884
Materials and supplies	38,097	846	38,943
Cost of sales	140,204	-	140,204
Depreciation	3,431	-	3,431
Total operating expenses	<u>392,308</u>	<u>846</u>	<u>393,154</u>
Operating loss	<u>(154,844)</u>	<u>(846)</u>	<u>(155,690)</u>
<u>Non-operating revenues:</u>			
Federal donated commodities	14,113	-	14,113
Operating grants	130,189	-	130,189
Total non-operating revenues	<u>144,302</u>	<u>-</u>	<u>144,302</u>
Net loss	(10,542)	(846)	(11,388)
Retained earnings at beginning of year	<u>82,322</u>	<u>970</u>	<u>83,292</u>
Retained earnings at end of year	<u>\$ 71,780</u>	<u>\$ 124</u>	<u>\$ 71,904</u>

See accompanying notes to the general purpose financial statements.

Newton Falls Exempted Village School District
Combined Statement of Cash Flows
All Proprietary Fund Types
For the Year Ended June 30, 2000

	Proprietary Fund Types		Totals (Memorandum Only)
	Enterprise	Internal Service	
<u>Cash flows from operating activities:</u>			
Cash received from customers	\$ 237,263	\$ -	\$ 237,263
Cash payments to suppliers for goods and services	(181,880)	(846)	(182,726)
Cash payments to employees for services	(136,913)	-	(136,913)
Cash payments for employee benefits	(63,637)	-	(63,637)
Net cash used for operating activities	(145,167)	(846)	(146,013)
<u>Cash flows from noncapital financing activities:</u>			
Operating grants received	134,248	-	134,248
Short-term loans from other funds	36,465	-	36,465
Repayment of short-term loans to other funds	(31,586)	-	(31,586)
Net cash provided by noncapital financing activities	139,127	-	139,127
Net decrease in cash and cash equivalents	(6,040)	(846)	(6,886)
Cash and cash equivalents at beginning of year	6,597	970	8,240
Cash and cash equivalents at end of year	\$ 557	\$ 124	\$ 1,354
<u>Reconciliation of operating loss to net cash used for operating activities:</u>			
Operating loss	\$ (154,844)	\$ (846)	\$ (155,690)
Adjustments to reconcile operating loss to net cash used for operating activities:			
Depreciation	3,431	-	3,431
Federal donated commodities	14,113	-	14,113
Change in assets and liabilities:			
(Increase) decrease in assets:			
Inventory	(1,890)	-	(1,890)
Accounts receivable	(201)	-	(201)
Increase (decrease) in liabilities:			
Accounts payable	263	-	263
Due to other funds	1	-	1
Accrued wages	250	-	250
Compensated absences payable	(288)	-	(288)
Intergovernmental payable	(3,821)	-	(3,821)
Deferred revenue	(2,181)	-	(2,181)
Total adjustments	9,677	-	9,677
Net cash used for operating activities	\$ (145,167)	\$ (846)	\$ (146,013)

See accompanying notes to the general purpose financial statements.

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Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

NOTE 1 - DESCRIPTION OF THE SCHOOL DISTRICT

The Newton Falls Exempted Village School District (the "School 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 School District operates under a locally elected five-member Board form of government and provides educational services as mandated by state and/or federal agencies. The Board controls the School District's three instructional/support facilities staffed by fifty-four non-certificated employees and ninety-nine certificated full time teaching personnel, and six administrators, who provide services to 1,607 students and other community members.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting entity for establishing governmental accounting and financial reporting principles. The School District also applies Financial Accounting Standards Board Statements and Interpretations issued on or before November 30, 1989, to its proprietary activities provided they do not conflict with or contradict GASB pronouncements. The School District's significant accounting policies are described below.

A. Reporting Entity

The reporting entity is composed of the primary government, component units and other organizations that are included to ensure that the financial statements of the School District are not misleading. The primary government consists of all funds, departments, boards and agencies that are not legally separate from the School District. For the School District, this includes general operations, food service, preschool and student related activities of the School District.

Component units are legally separate organizations for which the School District is financially accountable. The School District is financially accountable for an organization if the School District appoints a voting majority of the organizations' governing board and (1) the School District is able to significantly influence the programs or services performed or provided by the organization; or (2) the School District is legally entitled to or can otherwise access the organizations' resources; the School District is legally obligated or has otherwise assumed the responsibility to finance the deficits of, or provide financial support to, the organization; or the School District is obligated for the debt of the organization. Component units may also include organizations that are fiscally dependent on the School District in that the School District approves the budget, the issuance of debt or the levying of taxes.

Within the boundaries of the School District, Saints Mary and Joseph School is operated as a private school. State legislation provides funding to this private school. The School District receives the money and then disburses the money as directed by the private school. The accounting for the moneys is reflected in a special revenue fund of the School District. The School District does not have any component units.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

The School District is associated with the North Eastern Ohio Management Information Network and the North East Ohio Special Education Regional Resource Center which are defined as jointly governed organizations. Jointly governed organizations are governed by representatives from each of the governments that create the organizations, but there is no ongoing financial interest or responsibility by the participating governments. Information regarding these organizations is presented in Note 14.

B. Basis of Presentation - Fund Accounting

The School 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 School District functions or activities.

A fund is defined as a fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances, and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special restrictions or limitations. An account group is a financial reporting device designed to provide accountability for certain assets and liabilities not recorded in the funds because they do not directly affect net expendable available financial resources.

For financial statement presentation purposes, the various funds of the School District are grouped into the following generic fund types under the broad fund categories governmental, proprietary and fiduciary.

Governmental Fund Types:

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

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

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

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

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

Proprietary Fund Types:

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

Enterprise Funds - Enterprise funds are used to account for operations that are financed and operated in a manner similar to private business enterprises where the intent 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 revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability or other purposes.

Internal Service Fund – The internal service fund accounts for the financing of services provided by one department or agency to other departments or agencies of the School District on a cost reimbursement basis.

Fiduciary Fund Types:

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

Account Groups:

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

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

General Long-term Debt Account Group - This account group is established to account for all long-term obligations of the School District except those accounted for in the proprietary or trust funds.

C. Measurement Focus and Basis of Accounting

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

All proprietary funds are accounted for on a flow of economic resources measurement focus. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the balance sheet. Fund equity (i.e., net total assets) is segregated into contributed capital and retained earnings components. Proprietary fund operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

Basis of accounting refers to when revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurements made.

The modified accrual basis of accounting is followed for the governmental, expendable trust and agency funds. Under this basis, revenues are recognized in the accounting period when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current fiscal year or soon enough thereafter to be used to pay liabilities of the current fiscal year. The available period for the School District is sixty days after year end.

In applying the susceptible to accrual concept under the modified accrual basis, the following revenue sources are deemed both measurable and available: investment earnings, tuition, grants and entitlements, and student fees.

The School District reports deferred revenues on its combined balance sheet. Deferred revenues arise when a potential revenue does not meet both the measurable and available criteria for recognition in the current period. In the subsequent period, when both revenue recognition criteria are met, the liability for deferred revenue is removed from the combined balance sheet and revenue is recognized. Property taxes measurable at the end of the current fiscal year, and delinquent property taxes, whose availability is indeterminable and which are intended to finance the subsequent fiscal year operations, have been recorded as deferred revenue.

The measurement focus of governmental fund accounting is on decreases in net financial resources (expenditures) rather than expenses. Expenditures are generally recognized in the accounting period in which the related fund liability is incurred, if measurable. Principal and interest on general long-term debt are recorded as fund liabilities when due or when amounts have been accumulated in the debt service fund for payments to be made early in the following year, and the costs of accumulated unpaid vacation and sick leave are reported as fund liabilities in the period in which they will be liquidated with available financial resources rather than in the period earned by employees. Allocations of cost, such as depreciation and amortization, are not recognized in the governmental funds.

The accrual basis of accounting is utilized for reporting purposes by the proprietary funds. Revenues are recognized in the accounting period in which they are earned, and expenses are recognized at the time they are incurred. There were no unbilled service charges receivable at year end. The fair value of donated commodities used during the year is reported in the operating statement as an expense with a like amount reported as donated commodities revenue. Unused donated commodities are reported as deferred revenue.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

D. Budgetary Data

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

Tax Budget:

Prior to January 15, the Superintendent and Treasurer submit to the Board of Education a proposed operating budget for the fiscal year commencing the following July 1. The budget includes proposed expenditures and the means of financing for all funds. Public hearings are publicized and conducted to obtain taxpayers' comments. The express purpose of this budget document is to reflect the need for existing (or increased) tax rates. By no later than January 20, the Board-adopted budget is filed with the Trumbull County Budget Commission for rate determination.

Estimated Resources:

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

Appropriations:

Upon receipt from the County Auditor of an amended Certificate of Estimated Resources based on final assessed values and tax rates or a certificate saying no new certificate is necessary, the annual appropriation resolution must be legally enacted by the Board of Education at the fund level of expenditure, which is the legal level of budgetary control. Prior to the passage of the annual appropriation measure, the Board may pass a temporary appropriation measure to meet the ordinary expenses of the School District. The Appropriation Resolution, by fund, must be within the estimated resources as certified by the County Budget Commission and the total of expenditures and encumbrances may not exceed the appropriation totals at any level of control. Any revisions that alter the total of any fund appropriation must be approved by the Board of Education.

The Board may pass supplemental fund appropriations so long as the total appropriations by fund does not exceed the amounts set forth in the most recent Certificate of Estimated Resources. During the year, several supplemental appropriations were legally enacted; however, none of these amendments were significant.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

The budget figures, which appear in the statements of budgetary comparisons, represent the final appropriation amounts, including all supplemental appropriations. Formal budgetary integration is employed as a management control device during the year for all funds, other than agency funds, consistent with statutory provisions. Under Ohio law advances are not required to be budgeted.

Encumbrances:

As part of formal budgetary control, purchase orders, contracts and other commitments for the expenditure of moneys 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. Expenditures plus encumbrances may not legally exceed appropriations. On the GAAP basis, encumbrances outstanding at fiscal year end are reported as a reservation of fund balance for subsequent-year expenditures for governmental funds and reported in the notes to the financial statements for proprietary funds.

Lapsing of Appropriations:

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

E. Cash and Investments

To improve cash management, all cash received by the School District is pooled in a central bank account. Moneys for all funds, including proprietary funds, are maintained in this account or temporarily used to purchase short-term investments. Individual fund integrity is maintained through School District records. Each fund's interest in the pool is presented as "Equity in pooled cash and cash equivalents" on the balance sheet. During the fiscal year, investments were limited to overnight repurchase agreements and interest in Star Ohio, the State Treasurer's Investment Pool. These investments are stated at cost, which approximates market. Under existing Ohio statutes, all investment earnings accrue to the general fund except those specifically related to certain trust funds, unless the Board specifically allows the interest to be recorded in other funds. The Board of Education has passed a resolution to allow interest to also be recorded in other funds as listed in Note 4.

For purposes of the combined statement of cash flows and for presentation on the combined balance sheet, investments of the cash management pool and investments with an original maturity of three months or less at the time they are purchased by the School District are considered to be cash equivalents. Investments with an initial maturity of more than three months that are not purchased from the pool are reported as investments. During the fiscal year all investments of the School District had a maturity of three months or less.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

F. Inventory

Inventories of governmental funds are stated at cost while inventories of proprietary funds are stated at the lower of cost or market. For all funds, cost is determined on a first-in, first-out basis. Inventory in governmental funds was not significant at the end of the current fiscal period. Inventories of proprietary funds consist of donated food, purchased food, and supplies held for resale and are expensed when used.

G. Fixed Assets and Depreciation

General fixed assets are not capitalized in the funds used to acquire or construct them. Instead, capital acquisition and construction costs are reflected as expenditures in governmental funds, and 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 fixed assets are capitalized at cost (or estimated historical cost) and updated for additions and retirements during the year. Donated fixed assets are recorded at their fair market values as of the date received. The School District maintains a capitalization threshold of five hundred dollars. The School District does not possess any infrastructure.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend an asset's life 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 equipment in the proprietary fund types is computed using the straight line method over an estimated useful life of five to twenty years.

H. Restricted Assets

Restricted assets in the general fund represent cash and cash equivalents whose use is limited by legal requirements. Restricted assets include amounts required by statute to be set-aside by the School District for the purchase of textbooks, for the acquisition or construction of capital assets and to create a reserve for budget stabilization. See Note 18 for the calculation of the year-end restricted asset balance and the corresponding fund balance reserves.

I. Intergovernmental Revenues

For governmental funds, intergovernmental revenues, such as grants awarded on a non-reimbursement basis and entitlements, are recorded at the time of receipt or earlier if the susceptible to accrual criteria are met. Reimbursement type grants are recorded as receivables and revenues when the related expenditures are incurred and all other grant requirements have been met. 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 became measurable.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

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

Entitlements

General Fund

State Foundation Program

School Bus Funding

State Equity Funding

State Property Tax Relief

Special Revenue Funds

Disadvantaged Pupil Impact Aid

Non-Reimbursable Grants

Special Revenue Funds

Career Education

Classroom Facilities Maintenance

Goals 2000

Tech Equity

Textbook Subsidy

Title I

Title VI

Title VI-B

Capital Projects

SchoolNet

Technology Grant

Reimbursable Grants

General Fund

Driver Education Reimbursement

Vocational Education Equipment Reimbursement

Proprietary Funds

Government Donated Commodities

National School Lunch Program

Grants and entitlements amounted to approximately sixty-one percent of the School District's operating revenue during the current fiscal year.

J. Short-term Interfund Assets/Liabilities

Receivables and payables resulting from transactions between funds for services provided or goods received are classified as "due from other funds" or "due to other funds" on the balance sheet. Short-term interfund loans are classified as "interfund receivables" and "interfund payables."

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

K. Compensated Absences

Vacation benefits are accrued as a liability as the benefits are earned if the employee's rights to receive compensation are attributable to services already rendered and it is probable that the School District will compensate the employees for the benefits through paid time off or some other means. Sick leave benefits 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 ten or more years of service were included in the calculation of the long term compensated absences accrual amount.

Accumulated vacation and sick leave of employees paid from governmental funds has been recorded in the appropriate governmental fund as a current liability to the extent that the amounts are expected to be paid using expendable available financial resources. The balance of the liability is recorded in the general long-term debt account group. Vacation and sick leave for employees paid from proprietary funds are recorded as an expense and liability of the fund.

L. Accrued Liabilities and Long-term Obligations

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

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

M. 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.

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

N. Fund Balance Reserves

The School District records reservations for portions of fund equity which are legally segregated for specific future use or which do not represent available expendable resources and therefore are not available for appropriations for expenditures. Unreserved fund balance indicates that portion of fund equity which is available for appropriation in future periods. Fund equity reserves are established for encumbrances, budget stabilization, property taxes, and debt service.

O. Total Columns on General Purpose Financial Statements

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

P. 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.

NOTE 3 - BUDGETARY BASIS OF ACCOUNTING

While the School District is reporting financial position, results of operations and changes in fund balance/retained earnings on the basis of generally accepted accounting principles (GAAP), the budgetary basis as provided by law and described above is based upon accounting for certain transactions on a basis of cash receipts, disbursements and encumbrances. The Combined Statement of Revenues, Expenditures and Changes in Fund Balances - Budget (Non-GAAP Basis) and Actual, All Governmental Fund Types and Expendable Trust Fund is presented on the budgetary basis to provide a meaningful comparison of actual results with the budget. The major differences between the budget basis and GAAP basis are that:

1. Revenues are recorded when received in cash (budget basis) as opposed to when susceptible to accrual (GAAP basis).
2. Expenditures are recorded when paid in cash (budget basis) as opposed to when the liability is incurred (GAAP basis).
3. Encumbrances are treated as expenditures (budget basis) rather than as a reservation of fund balance (GAAP basis).

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

The following tables summarize the adjustments necessary to reconcile the GAAP and budgetary basis statements for all governmental fund types and expendable trust fund.

<i>Excess of Revenues and Other Financing Sources Over (Under)</i>					
<i>Expenditures and Other Financing Uses</i>					
	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Expendable Trust</u>
<i>GAAP Basis</i>	\$ 98,873	\$ 257,959	\$ 103,261	\$ (163,226)	\$ -
<i>Revenue Accruals</i>	23,628	76,998	1,285	-	-
<i>Expenditure Accruals</i>	7,266	(36,351)	-	-	-
<i>Encumbrances (Budget Basis)</i>					
<i>Outstanding at year end</i>	<u>(96,225)</u>	<u>(15,955)</u>	<u>-</u>	<u>(3,500)</u>	<u>-</u>
<i>Budget Basis</i>	<u>\$ 33,542</u>	<u>\$ 282,651</u>	<u>\$ 104,546</u>	<u>\$ (166,726)</u>	<u>\$ -</u>

NOTE 4 - DEPOSITS AND INVESTMENTS

State statutes classify moneys held by the School District into three categories.

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

Inactive deposits are public deposits 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 moneys. Interim moneys are those moneys 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. Interim moneys may be invested in the following obligations provided they mature or are redeemable within five years from the date of settlement:

1. United States treasury bills, notes, bonds, or any other obligations 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 other obligations or securities issued by any federal government agency or instrumentality. All federal agency securities shall be direct issuances of federal government agencies or instrumentalities;
3. Written repurchase agreements for a period not to exceed thirty days in securities listed above that mature within five years from the date of settlement;

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

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

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

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, if the securities are not represented by a certificate, upon receipt of confirmation of transfer from the custodian.

Deposits:

At year end, the carrying amount of the School District's deposits and petty cash of \$1,000, was (\$68,561), and the bank balance was \$1,000. The bank balance was entirely covered by federal depository insurance.

Investments:

GASB Statement No. 3 "Deposits with Financial Institutions, Investments and Reverse Repurchase Agreements" requires that the School District's investments be classified in categories of risk. Category 1 includes investments that are insured or registered or for which the securities are held by the School District or its agent in the School District's name. Category 2 includes uninsured and unregistered investments for which the securities are held by the counterparty's trust department or agent in the School District's name. Category 3 includes uninsured and unregistered investments for which the securities are held by the counterparty, or by its trust department or agent but not in the School District's name.

Interest is legally required to be placed in the general fund and the building capital projects fund. Interest revenue credited to the general fund during the fiscal year 2000 amounted to \$112,256, which includes \$86,549, assigned from other School District funds.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

The School District has invested funds in STAR Ohio during 2000. STAR Ohio is an investment pool managed by the State Treasurer's Office, which allows governments within the State to pool their funds for investment purposes. STAR Ohio is not registered with the SEC as an investment company, but does operate in a manner consistent with Rule 2a7 of the Investment Company Act of 1940. Investments in STAR Ohio are valued at STAR Ohio's share price, which is the price the investment could be sold for on June 30, 2000. The School District's investment in STAR Ohio is an unclassified investment since it is not evidence by securities that exist in physical or book entry form.

	<i>Category</i> <i>3</i>	<i>Fair</i> <i>Value</i>
<i><u>Categorized Investments</u></i>		
<i>Repurchase Agreements</i>	\$ 999,005	\$ 999,005
<i>Total Categorized</i>	\$ 999,005	999,005
 <i><u>Noncategorized Investments</u></i>		
<i>State Treasurer's Pool</i>		2,582,835
<i>Total Investments</i>		\$ 3,581,840

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

	<i>Cash and Cash</i> <i>Equivalents/Deposits</i>	<i>Investments</i>
<i>GASB Statement No. 9</i>	\$ 3,513,279	\$ -
<i>Investments of the cash management pool:</i>		
<i>Repurchase agreements</i>	(999,005)	999,005
<i>Investment in STAR Ohio</i>	(2,582,835)	2,582,835
<i>GASB Statement No. 3</i>	\$ (68,561)	\$ 3,581,840

NOTE 5 - PROPERTY TAXES

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

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

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

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

Accrued property taxes receivable represent delinquent taxes outstanding and real property, tangible personal property and public utility taxes which became measurable as of June 30. Although total property tax collections for the next fiscal year are measurable, only the amount available as an advance at June 30 is intended to finance current year operations. The receivable is therefore offset by a credit to deferred revenue for that portion not intended to finance current year operations. The amount available as an advance at June 30 was \$7,720 in the general fund and is recognized as revenue. There were no new levies passed during the current fiscal year. The assessed values upon which the current fiscal year taxes were collected are:

<u>Property Category</u>	<u>1999 Assessed Value</u>	<u>1998 Assessed Value</u>
<u>Real Property</u>		
Residential and Agricultural	\$ 74,462,260	\$ 58,507,470
Commercial and Industrial	15,492,580	12,986,020
Public Utilities	5,207,620	5,610,760
<u>Tangible Personal Property</u>		
General	8,746,803	8,745,012
Public Utilities	80,730	83,470
Total	<u>\$ 103,989,993</u>	<u>\$ 85,932,732</u>

NOTE 6 - RECEIVABLES

Receivables at year end consisted of taxes, accounts (tuition and fees), interfund 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 year guarantee of federal funds. The general and enterprise fund's intergovernmental receivable at June 30, consisted of \$2,776 and \$15,413 respectively.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

NOTE 7 - FIXED ASSETS

A summary of the enterprise funds' fixed assets at year end follows:

<i>Classification</i>	<i>Balance</i>
<i>Equipment</i>	182,322
<i>Less: accumulated depreciation</i>	<u>(79,100)</u>
<i>Net Fixed Assets</i>	<u><u>\$ 103,222</u></u>

A summary of the changes in general fixed assets during fiscal year 2000 follows:

<i>Classification</i>	<i>Balance July 1</i>	<i>Additions</i>	<i>Deletions</i>	<i>Balance June 30</i>
<i>Land and Land Improvements</i>	\$ 195,065	\$ -	\$ -	\$ 195,065
<i>Buildings</i>	9,509,089	-	-	9,509,089
<i>Improvements other than Buildings</i>	19,510	34,094	-	53,604
<i>Furniture and Equipment</i>	2,656,214	92,836	(30,558)	2,718,492
<i>Vehicles</i>	<u>753,019</u>	<u>187,606</u>	<u>(109,516)</u>	<u>831,109</u>
<i>Total</i>	<u><u>\$ 13,132,897</u></u>	<u><u>\$ 314,536</u></u>	<u><u>\$ (140,074)</u></u>	<u><u>\$ 13,307,359</u></u>

NOTE 8 - RISK MANAGEMENT

The School 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. These risks are covered by commercial insurance purchased from independent third parties. There have been no settlements paid in excess of insurance nor has insurance coverage been significantly reduced in the past three years.

The School District pays the State Workers' Compensation System a premium based on a rate per \$100 of salaries. This rate is calculated based on accident history and administrative costs.

NOTE 9 - DEFINED BENEFIT PENSION PLANS

A. School Employees Retirement System

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

Plan members are required to contribute nine percent of their annual covered salary and the School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. The contribution requirements of plan members and employers are established and may be amended, up to the statutory maximum amounts, by the SERS Retirement Board. The School District's required contributions for pension obligations to SERS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$162,746, 164,508, and \$166,500, respectively; thirty-seven percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$103,984 representing the unpaid contribution for fiscal year 2000, is recorded as a liability within the respective funds and the general long-term obligations account group.

B. State Teachers Retirement System

The School District contributes to the State Teachers Retirement System of Ohio (STRS), a cost-sharing multiple employer defined benefit pension plan. STRS provides basic retirement benefits, disability, survivor, and health care benefits based on eligible service credit to members and beneficiaries. Authority to establish and amend benefits is provided by state statute per Chapter 3307 of the Ohio Revised Code. STRS issues a publicly available, stand-alone financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the 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 School District is required to contribute an actuarially determined rate of fourteen percent of annual covered payroll. Contribution rates are established by STRS, upon recommendation of its consulting actuary, not to exceed statutory maximum rates of ten percent for members and fourteen percent for employers. The School District's required contributions for pension obligations to STRS for the fiscal years ended June 30, 2000, 1999, and 1998 were \$566,936, \$531,496, and \$544,968, respectively; eighty-two percent has been contributed for fiscal year 2000 and 100 percent for the fiscal years 1999 and 1998. \$98,004 representing the unpaid contribution for fiscal year 2000 is recorded as a liability within the respective funds.

NOTE 10 - POSTEMPLOYMENT BENEFITS

Comprehensive health care benefits are provided to retired teachers and their dependents through the State Teachers Retirement System (STRS). Benefits include hospitalization, physicians' fees, prescription drugs and reimbursement of monthly Medicare premiums. All benefit recipients and sponsored dependents are eligible for health care coverage. Benefit provisions and the obligations to contribute are established by the STRS based on authority granted by State statute. Most benefit recipients are required to pay a portion of the health care cost in the form of a monthly premium.

By Ohio law, the cost of coverage paid from STRS funds shall be included in the employer contribution rate, currently fourteen percent of covered payroll. The retirement board currently allocates employer contributions equal to eight percent of covered payroll to the Health Care Reserve Fund from which payments for health care benefits are paid. For the School District this amount equaled \$323,963 during the 2000 fiscal year. The balance in the Health Care Reserve Fund for the STRS was \$2,783 million at June 30, 1999, (latest information available). For the year ended June 30, 1999, the net health care costs paid by the STRS were \$249,929,000 and eligible benefit recipients totaled 95,796.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

For the School Employees Retirement System (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-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 seventy-five percent of the premium. For this fiscal year, 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 fourteen 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, added to the unallocated portion of the fourteen percent contribution rate, provides for maintenance of the asset target level for the health care fund. For the School District, the amount of employer contributions used to fund health care equaled \$73,236, which includes a surcharge of \$19,972 during the 2000 fiscal year.

Health care benefits are financed on a pay-as-you-go basis. The target level for the health care reserve is 150% of annual health care expenses. Expenses for health care at June 30, 1999, (latest information available) were \$126,380,984 and the target level was \$189.6 million. At June 30, 1999, the SERS's net assets available for payment of health care benefits was \$188.0 million, at cost. The number of participants receiving health care benefits was approximately 51,000.

NOTE 11 – OTHER EMPLOYEE BENEFITS

The School District has joined together with other school districts in the County to form the Trumbull County School Insurance Consortium Association, a public entity risk pool currently operating as a common risk management and insurance program for seventeen member school districts in Trumbull County. The School District pays a monthly premium to United Health Care for its insurance coverage. It is intended that the Trumbull County School Insurance Consortium Association will be self-supporting through member premiums. The monthly premium is for a fully insured medical and prescription program.

The School District provides health, dental, vision and life insurance coverage for employees. The dental insurance coverage is administered by Core Source, a third party administrator. Vision Service Plan administers the vision coverage. Medical Life Insurance Company provides the life insurance coverage. The School District pays the insurance premiums, as a fringe benefit for the employees.

NOTE 12 - INTERFUND TRANSACTIONS

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:

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

Interfund receivable/payable

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Food Service enterprise fund	12,757
General	Uniform School Supply enterprise fund	5,708
General	Eisenhower special revenue fund	2,807
General	Title VI special revenue fund	6,127
General	Student Activities agency fund	2,222
	<u>Total</u>	<u>\$ 29,621</u>

Due to/from other funds

<u>Due to Fund</u>	<u>Due from Fund</u>	<u>Amount</u>
District Agency	General	\$ 17,694
District Agency	Auxiliary special revenue fund	147
District Agency	Title I special revenue fund	541
District Agency	Food Service enterprise fund	67
	<u>Total</u>	<u>\$ 18,449</u>

NOTE 13 - LONG TERM DEBT

Changes in long-term obligations of the School District during the current fiscal year were as follows:

	<u>Balance</u> <u>July 1</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>June 30</u>
<u>General Long-Term Debt</u>				
General Obligation Bonds, 6.679% maturing on December 1, 2011	\$ 4,760,000	\$ -	\$ (275,000)	\$ 4,485,000
State Constructin Loan, 0.000% maturing on December 1, 2011	2,178,692	-	-	2,178,692
<u>Other Obligations</u>				
Long-term compensated absences	628,955	62,566	(31,304)	660,217
Employer pension obligations	60,744	60,647	(60,744)	60,647
<u>Total Other Obligations</u>	689,699	123,213	(92,048)	720,864
<u>Total General Long-Term Debt</u>	<u>\$ 7,628,391</u>	<u>\$ 123,213</u>	<u>\$ (367,048)</u>	<u>\$ 7,384,556</u>

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

The annual requirements to amortize all bonds outstanding as of year end including interest payments of \$1,810,101 are as follows:

	<i>General Obligation Bonds</i>
2001	573,165
2002	574,788
2003	574,943
2004	573,080
2005	574,155
<i>Thereafter</i>	<u>3,424,970</u>
<i>Total</i>	<u><u>\$ 6,295,101</u></u>

The State Construction Loan represents money received from the State for construction. The School District must repay the State by levying a property tax of one-half mill until the 2009 tax year. At the end of this period, any remaining obligation is forgiven. Effective May 20, 1997, in any year in which the School District's adjusted valuation per pupil is less than the statewide median, no repayment would be required. In lieu of the repayment, the School District would be required to set aside the proceeds of the half-mill levy for facilities repair and maintenance. In any year in which the School District's per pupil valuation increases above the state-wide median, half of the levy proceeds will have to be used to repay the debt with the remaining half used for repairs and maintenance. For fiscal year 2000 the School District's adjusted valuation per pupil was less than the statewide median.

The General Obligation Bonds Payable will be paid from the Bond Retirement debt service fund. Compensated absences and employer pension due to the School Employees Retirement System will be paid from the fund from which the person is paid.

NOTE 14 - JOINTLY GOVERNED ORGANIZATIONS

North Eastern Ohio Management Information Network (NEOMIN) is the computer service organization or Data Acquisition Site (DAS) used by the School District. NEOMIN is an association of public school districts in a geographic area determined by the Ohio Department of Education. The Trumbull County Educational Service Center acts as the fiscal agent for the consortium. The purpose of the consortium is to develop and employ a computer system efficiently and effectively for the needs of the member Boards of Education. All Districts in the consortium are required to pay fees, charges, and assessments as charged. NEOMIN is governed by a board made up of superintendents from all of the participating districts. An elected Executive Board consisting of five members of the governing board is the managerial body of the consortium and meets on a monthly basis. The School District does not maintain an ongoing financial interest or an ongoing financial responsibility. Payments to NEOMIN are made from the general fund. During the current fiscal year the School District contributed \$22,126 to NEOMIN.

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

North East Ohio Special Education Regional Resource Center (NEO/SERRC) is a special education service center which selects its own board, adopts its own budget and receives direct federal and state grants for its operation. NEO/SERRC is governed by a governing board of thirty-nine members made up of representatives from thirty-five superintendents of the participating districts, one non-public school, one county board of mental retardation and two parents whose terms rotate every year. Information can be obtained by contacting the treasurer at Mahoning County Educational Service Center, 2801 Market Street, Youngstown, Ohio 44507.

NOTE 15 - CONTINGENCIES

A. Grants:

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

B. Litigation:

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

C. Other Contingencies:

On March 24, 1997, the Ohio Supreme Court rendered a decision declaring certain portions of the Ohio school funding plan unconstitutional. The Court stayed the effect of its ruling for one year to allow the State's legislature to design a plan to remedy the perceived defects in the system. Declared unconstitutional was the State's "school foundation program", which provides significant amounts of monetary support to the School District. During the fiscal year ended June 30, 2000, the School District received \$4,811,871 of school foundation support for its general fund.

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

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

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

As of the date of these financial statements, the School 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 16 - SEGMENT INFORMATION FOR ENTERPRISE FUNDS

The School District maintains two enterprise funds to account for the operations of food service and uniform school supplies programs. The table below reflects in a summarized format the more significant financial data relating to the enterprise funds of the School District as of and for the fiscal year ended June 30.

<u>Description</u>	<u>Food Service</u>	<u>Uniform School Supplies</u>	<u>Total</u>
<i>Operating revenues</i>	\$ 222,597	\$ 14,867	\$ 237,464
<i>Depreciation expense</i>	3,431	-	3,431
<i>Operating income (loss)</i>	(143,099)	(11,745)	(154,844)
<i>Operating grants</i>	130,189	-	130,189
<i>Donated commodities</i>	14,113	-	14,113
<i>Net income (loss)</i>	1,203	(11,745)	(10,542)
<i>Net working capital</i>	(17,996)	(5,708)	(23,704)
<i>Total assets</i>	103,222	-	103,222
<i>Compensated absences payable</i>	7,738	-	7,738
<i>Total equity</i>	77,488	(5,708)	71,780
<i>Encumbrances outstanding (budget basis) at June 30, 2000</i>	\$ 330	\$ -	\$ 330

NOTE 17 – FUND DEFICITS

As of June 30, 2000, there were several funds that had deficit balances. These deficits were caused by the application of generally accepted accounting principles. The general fund provides transfers to cover deficit balances in other funds; however, this is done when cash is needed rather than when accruals occur.

<i>General Fund</i>	\$ 239,168
<i>Title III special revenue</i>	2,807
<i>Title VI special revenue</i>	36,151
<i>Uniform School Supply enterprise</i>	5,708

Newton Falls Exempted Village School District

Notes to the General Purpose Financial Statements

For the fiscal year ended June 30, 2000

NOTE 18 – STATUTORY RESERVES

The School District is required by State statute to annually set aside moneys for the purchase of textbooks and other instructional materials, and for capital improvements. The amounts set-aside may be reduced by offset credits, which are moneys received and restricted for the same specific purpose. Although the School District had offsets and qualifying disbursements during the year that reduced the set-aside amounts below zero, these extra amounts may only be used to reduce the set-aside requirements of future years for the purchase of textbooks. Negative amounts are therefore not presented as being carried forward to the next fiscal year for the other set-asides. Amounts not spent by year-end or reduced by offset credits must be held in cash at year-end and carried forward to be used for the same purposes in future years.

Amounts are also to be set aside for budget stabilization if the School District's revenues increase three percent or more from the prior year.

During the fiscal year ended June 30, 2000, the reserve activity was as follows:

	<i>Textbook</i>	<i>Capital</i>	<i>Budget</i>	
	<u>Reserve</u>	<u>Maintenance</u>	<u>Stabilization</u>	<u>Total</u>
	<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>	<u>Reserve</u>
<i>Set-aside Cash Balance as of June 30, 1999</i>	\$ 8,274	\$ -	\$ 102,949	\$ 111,223
<i>Current Year Set-aside Requirement</i>	187,602	187,602	62,534	437,738
<i>Current Year Offset</i>	-	-	-	-
<i>Qualifying Disbursements</i>	<u>(200,524)</u>	<u>(285,526)</u>	<u>-</u>	<u>(486,050)</u>
<i>Total</i>	<u>\$ (4,648)</u>	<u>\$ (97,924)</u>	<u>\$ 165,483</u>	<u>\$ 62,911</u>
<i>Cash Balance Carried Forward to FY 2001</i>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 165,483</u>	<u>\$ 165,483</u>

NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY
SCHEDULE OF FEDERAL AWARDS EXPENDITURES
FOR THE YEAR ENDED JUNE 30, 2000

Federal Grantor/ Pass Through Grantor Program Title	Pass Through Entity Number	Federal CFDA Number	Receipts	Non-Cash Receipts	Disbursements	Non-Cash Disbursements
U.S. DEPARTMENT OF AGRICULTURE						
<i>Passed Through Ohio Department of Education:</i>						
Nutrition Cluster:						
Food Distribution Program	N/A	10.550		\$20,495		\$14,113
School Breakfast Program	05-PU-99	10.553	5,973		5,973	
	05-PU-00	10.553	13,076		13,076	
Total School Breakfast Program			<u>19,049</u>		<u>19,049</u>	
National School Lunch Program	03-PU-99	10.555	6,141		6,141	
	03-PU-00	10.555	16,991		16,991	
	04-PU-99	10.555	22,916		22,916	
	04-PU-00	10.555	60,707		60,707	
Total National School Lunch Program			<u>106,755</u>		<u>106,755</u>	
Total U.S. Department of Agriculture - Nutrition Cluster			<u>125,804</u>	<u>20,495</u>	<u>125,804</u>	<u>14,113</u>
U.S. DEPARTMENT OF EDUCATION						
<i>Passed Through Ohio Department of Education:</i>						
Title I-Grants to Local Educational Agencies	C1-S1-99	84.010	5,869		42,010	
	C1-S1-99C	84.010			32,155	
	C1-S1-00	84.010	201,315		149,177	
Total Title I			<u>207,184</u>		<u>223,342</u>	
Special Education Grants to States (IDEA Part B)	6B-SF-99P	84.027			3,207	
	6B-SF-00P	84.027	23,230		5,059	
Total Special Education Grants to States			<u>23,230</u>		<u>8,266</u>	
Goals 2000- State & Local	G2-S4-00	84.276	6,000		3,417	
Eisenhower Professional Development State Grants Title II, Part B	MS-S1-99	84.281	2,807		2,807	
Total Eisenhower Grant			<u>2,807</u>		<u>2,807</u>	
Innovative Education Program	C2-S1-99	84.298			343	
	C2-S1-99C	84.298	1,145		1,188	
	C2-S1-00	84.298	2,651		7,297	
Total Innovative Education Program			<u>3,796</u>		<u>8,828</u>	
Class Size Reduction Subsidy	CR-S1-00	84.340	35,190		31,727	
Total Department of Education			<u>278,207</u>		<u>278,387</u>	
Totals			<u>\$404,011</u>	<u>\$20,495</u>	<u>\$404,191</u>	<u>\$14,113</u>

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

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY
FISCAL YEAR ENDED JUNE 30, 2000**

NOTES TO SCHEDULE OF FEDERAL AWARDS EXPENDITURES

NOTE A--SIGNIFICANT ACCOUNTING POLICIES

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

NOTE B--FOOD DISTRIBUTION

Nonmonetary assistance, such as food received from the U.S. Department of Agriculture, is reported in the Schedule at the fair market value of the commodities received and consumed. Cash receipts from the U.S. Department of Agriculture are commingled with State grants. It is assumed federal monies are expended first. At June 30, 2000, the District had no significant food commodities in inventory.



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OFFICE OF THE AUDITOR

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

Newton Falls Exempted Village School District
Trumbull County
909 ½ Milton Blvd.
Newton Falls, Ohio 44444

We have audited the general purpose financial statements of Newton Falls Exempted Village School District, Trumbull County, Ohio (the District) as of and for the year ended June 30, 2000, and have issued our report thereon dated January 16, 2001. We conducted our audit in accordance with generally accepted auditing standards and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

As part of obtaining reasonable assurance about whether District's general purpose-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 of noncompliance that are required to be reported under *Government Auditing Standards*. However, we noted a certain immaterial instance of noncompliance that we have reported to management of the District in a separate letter dated January 16, 2001.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the general purpose financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other matters involving the internal control over financial reporting that do not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 16, 2001.

Newton Falls Exempted Village School District
Trumbull County
Report on Compliance and on Internal Control Required by
Government Auditing Standards
Page 2

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

Jim Petro
Auditor of State

January 16, 2001



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

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

Newton Falls Exempted Village School District
Trumbull County
909 ½ Milton Blvd.
Newton Falls, Ohio 4444

Compliance

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

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

In our opinion, the District complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2000.

Internal Control Over Compliance

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

Newton Falls Exempted Village School District
Trumbull County
Report on Compliance With Requirements Applicable to Each Major
Federal Program and Internal Control Over Compliance
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Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts and grants that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses. However, we noted a matter involving the internal control over federal compliance that does not require inclusion in this report, that we have reported to management of the District in a separate letter dated January 16, 2001.

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

Jim Petro
Auditor of State

January 16, 2001

**SCHEDULE OF FINDINGS
OMB CIRCULAR A -133 § .505**

**NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT
TRUMBULL COUNTY
JUNE 30, 2000**

1. SUMMARY OF AUDITOR'S RESULTS

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

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

None.

3. FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

None.



STATE OF OHIO
OFFICE OF THE AUDITOR

JIM PETRO, AUDITOR OF STATE

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NEWTON FALLS EXEMPTED VILLAGE SCHOOL DISTRICT

TRUMBULL COUNTY

CLERK'S CERTIFICATION

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

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
FEBRUARY 27, 2001**